

# NATION'S BUSINESS



OCTOBER • 1936

**Why Business Men Are Cowards**

By George E. Sokolsky

**The Retail War on Main Street**

By Frank Taylor

**The Rise of George L. Berry**

By Herbert Corey

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280,000 NET PAID CIRCULATION

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PUBLISHED BY THE CHAMBER OF COMMERCE OF  
THE UNITED STATES • WASHINGTON

**TEL. AND TEL. REDUCES RATES**

New Tariffs Make Lower Charges Effective Day Every Sunday

*1936*

**REDUCED RATES FOR LONG DISTANCE CALLS**

Will Save \$1,500,000 Annually To Telephone Users

*1927*

**\$5,000,000 CUT IN U. S. PHONE RATES FEB. 1**

Reduction in National Long Distance Rates Announced by Bell Telephone Company.

*1929*

*and now*

**ANOTHER REDUCTION**

**IN**

**Long Distance RATES**

**Long Distance Rate Cut Is Announced**

Promise Public Saving Of \$5,000,000.

*1930*

**NEW LONG DISTANCE TELEPHONE RATES**

Changes Mean Better Service and \$3,000,000 Annual Saving to Public.

*1926*

**RATES FOR LONG DISTANCE PHONE CALLS REDUCED**

Schedule Is Explained by District Manager Of Company

*1935*

## effective September 1st

The rates for telephone calls to most points where the station-to-station day rate was over \$1.10 are reduced. Both station-to-station and person-to-person rates—day, night, and all day Sunday—are included in the reduction.

Also on person-to-person calls to most points, the station-to-station additional minute rate applies after six minutes of conversation.

This is the seventh reduction in the rates for Long Distance calls during the last ten years.

A table of representative new and former rates is shown at the right.



TYPICAL 3-MINUTE RATES		STATION-TO-STATION				PERSON-TO-PERSON			
		Day		Night and Sunday		Day		Night and Sunday	
		New	Old	New	Old	New	Old	New	Old
BETWEEN	AND								
Kansas City	St. Louis	\$1.10	\$1.15	\$.65	\$.70	\$1.50	\$1.55	\$1.05	\$1.10
Cleveland	Baltimore	1.30	1.45	.80	.85	1.70	1.85	1.20	1.25
Boston	Washington, D. C.	1.50	1.65	.90	.95	1.90	2.05	1.30	1.35
Chicago	Pittsburgh	1.60	1.80	.95	1.05	2.05	2.25	1.40	1.50
St. Louis	Minneapolis	1.80	2.05	1.05	1.15	2.30	2.55	1.55	1.65
Atlanta	Washington, D. C.	2.00	2.35	1.15	1.30	2.60	3.00	1.75	1.95
Boston	Detroit	2.10	2.55	1.25	1.40	2.75	3.25	1.90	2.10
Chicago	New York	2.50	3.00	1.45	1.65	3.25	3.75	2.20	2.40
Denver	Pittsburgh	4.25	4.75	2.50	2.75	5.50	6.00	3.75	4.00
St. Paul	Seattle	4.50	5.25	2.75	3.00	5.75	6.50	4.00	4.25
Seattle	Dallas	5.25	6.00	3.25	3.50	6.75	7.50	4.75	5.00
Los Angeles	Detroit	6.00	7.25	3.75	4.25	7.75	9.00	5.50	6.00
Cleveland	San Francisco	6.50	7.75	4.00	4.50	8.50	9.75	6.00	6.50
New York	San Francisco	7.50	9.00	4.50	5.50	9.75	11.25	6.75	7.75
Cincinnati	Pittsburgh	1.15	1.20	.65	.70	1.55	1.60	1.05	1.10
Dallas	New Haven	4.50	5.25	2.75	3.00	5.75	6.50	4.00	4.25



# ARE YOU PAYING MORE FOR COMPENSATION INSURANCE THAN YOUR COMPETITOR?

AS an executive, you know that the cost of Compensation Insurance is a substantial factor in your overhead expense. Perhaps you have considered reducing this necessary expense by securing mutual insurance which pays cash dividends.

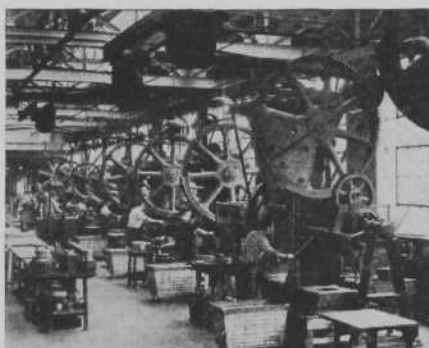
Liberty Mutual, which writes Compensation Insurance at standard rates, has saved and returned more than \$49,000,000 in cash dividends to its policyholders. These dividends have resulted from direct selling and careful selection of policyholders—two basic insurance management economies. If you had been insured with Liberty Mutual, you would have received your share of these dividends.

However, there is more to our service than the payment of dividends. The \$49,000,000 we have paid back to policyholders is only a part of the savings. The biggest savings are made by means of safety engineering—loss prevention. Perhaps we can help you make your factory or store a safer place for employees to work.

Fewer accidents mean lower insurance rates, lower premiums. For example, a food manufacturer who used to pay 24% more than standard rates is today paying 15% less. An oil company which once paid 18% more than standard rates now has a 68% credit. A paper manufacturer's rate was brought down from a 22% charge to a 20% credit—and insurance

costs dropped several thousand dollars, over and above the regular 20% cash dividends.

When a new customer comes to us, we make a study of his business to find ways to eliminate accidents. No matter what



*Here is a typical factory where thousands of men operate all kinds of machines. Yet factories like these have been made safer than the average home.*

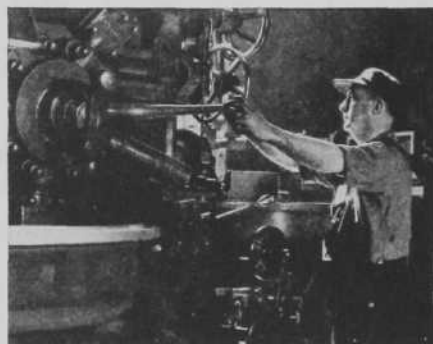
your hazards—power presses, elevators, gases, dusts, chemicals, explosives, saws—we have specialists who can work with you to prevent losses. One machinery manufacturer with 3,000 employees worked 11 months without any accident which kept any employee from his work. This is equal to 100 men working their whole life without a disabling accident. A maker of radio tubes with more than 500 employees has not had an accident in four years.

We can show you many examples like these from your own line of business—

point out how you may be able to enjoy the same low rates that some of your competitors have secured. Accidents do not just happen. They are caused. With your cooperation those causes can be removed and your insurance rates can be reduced.

## Send for Free Pamphlet of Rates in Your Industry

Mail the coupon below or ask your secretary to write for information. Find out,



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without obligation, if you are paying more than others in your line of business for Compensation Insurance. Let us show you how accidents have been reduced and rates lowered in your industry... how Liberty Mutual's careful underwriting and direct-dealing methods would have paid you a cash dividend every year.

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Without obligation, please send free pamphlet showing how Compensation Insurance rates have been reduced in our line of business.

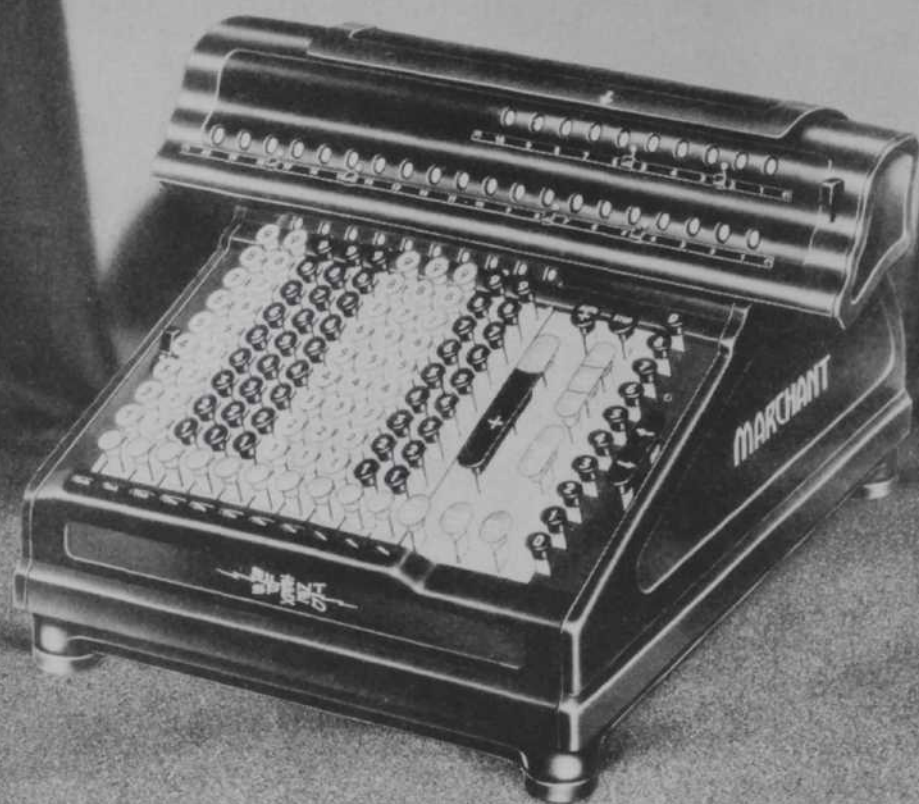
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Concern.....

City and State.....

Line of Business.....

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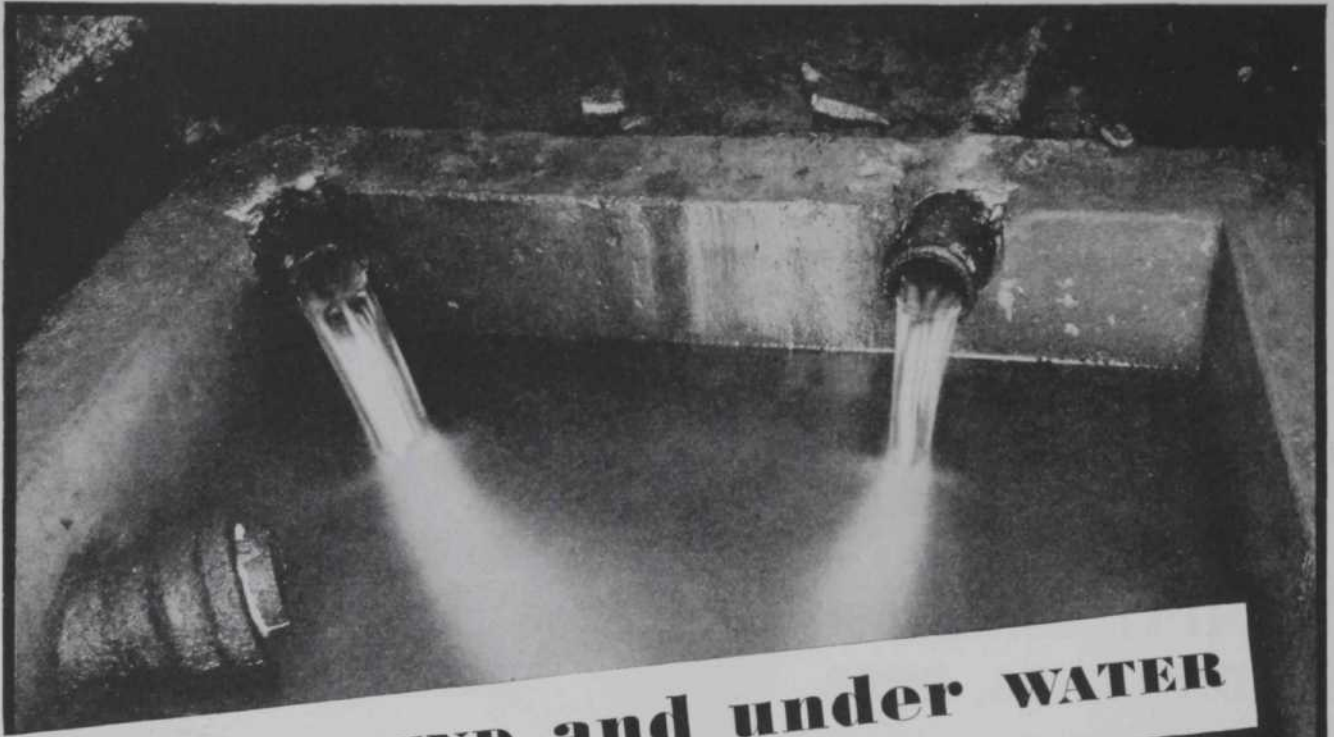
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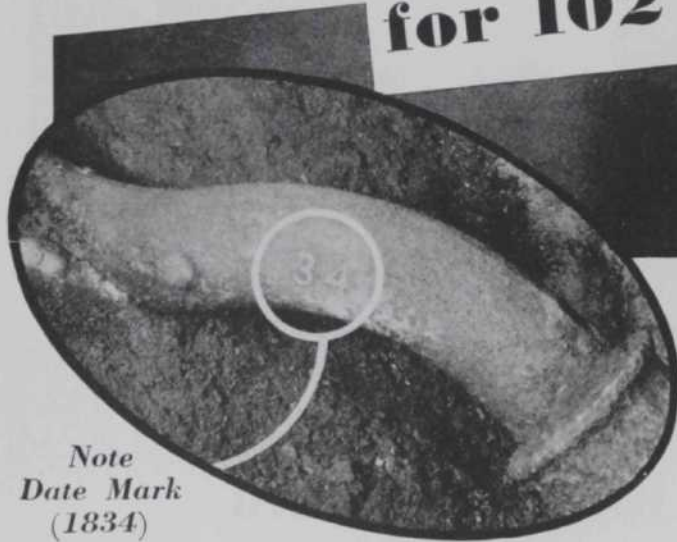
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**Under GROUND and under WATER  
for 102 years**



*Note  
Date Mark  
(1834)*

**O**N A HILL above Reading, Pennsylvania, a never-failing spring still furnishes part of the city's water supply. Earthen pipes were used from 1815 until 1824, then wooden pipes until 1834 at which time cast iron pipe was installed and is still serving, under ground and under water. In many cities, here and abroad, cast iron pipe installed from one to nearly three centuries ago continues to render

*Arrow points to cast iron pipe installed in 1834 to carry water from Hampden Springs to the then Borough of Reading, Pa.*

satisfactory service. Recorded facts prove that cast iron pipe serves longest, costs less per service year and least to maintain.

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For further information, address The Cast Iron Pipe Research Association, Thos. F. Wolfe, Research Engineer, 1011 Peoples Gas Bldg., Chicago, Illinois.

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METHODS OF EVALUATING BIDS NOW IN USE BY ENGINEERS



RATE THE USEFUL LIFE OF CAST IRON PIPE AT 100 YEARS



# QUESTIONS our readers are asking:

- 1 • IS the "capitalistic system" actually worthy to survive? ANSWER ON PAGE 15
- 2 • WHO finances communistic and socialistic movements in this country?  
ON PAGE 16
- 3 • HOW much is the Government really doing to encourage organization of consumer cooperatives? ON PAGE 17
- 4 • WHO is really responsible for the growth of chain stores in this country?  
ON PAGE 22
- 5 • IS price the irresistible force that will eventually lure all America to the bargain counters? ON PAGE 23
- 6 • WHY are radical groups especially eager to gain control of the universities of this country? ON PAGE 25
- 7 • WHAT factor, frequently overlooked by academic economists, makes many of their proposals impractical?  
ON PAGE 26
- 8 • HOW did George L. Berry suddenly become so important in the American labor picture? ON PAGE 27
- 9 • HOW much does prison labor compete with free industry? ON PAGE 30
- 10 • HOW much income does a man actually need to retire from business and enjoy his old age? ON PAGE 32
- 11 • WILL the outcome of the November election affect the amount of government spending for relief? ON PAGE 42
- 12 • WHY is it important to watch the vote of unorganized labor this year?  
ON PAGE 44
- 13 • IS there any one thing that can be watched to prevent failure in business?  
ON PAGE 63
- 14 • HOW does the percentage method of charging depreciation act as a check to show whether new equipment is really needed? ON PAGE 64
- 15 • WHY did the same law which ordered coordination of the railroads actually prevent coordination? ON PAGE 68

What is Coming in November . . . .  
Turn to Page 119

# Contents for October...

	PAGE
Why Business Men Are Cowards . . . . .	15
By GEORGE E. SOKOLSKY	
Uncle Sam Flirts With the Co-ops . . . . .	17
By ROBERT L. VAN BOSKIRK	
The Retail War on Main Street . . . . .	20
By FRANK J. TAYLOR	
Chains Don't Bother Williamson's . . . . .	23
By A. E. HOLDEN	
The Intellectual Deficit . . . . .	25
By REVILO P. OLIVER	
Up From a Dusty Road . . . . .	27
By HERBERT COREY	
Our Prison Competition . . . . .	28
By JAMES P. DAVIS	
Sixty Dollars a Month at Sixty . . . . .	32
By RICHARD L. HOBART	
I Almost Went on Relief . . . . .	36
By ROSS HEMMING	
Shorter Hours and More Pay . . . . .	48
By GLENN NIXON	
The Blood and Turnip Racket . . . . .	50
A Bookkeeper for the Bureaucrats . . . . .	56
By CHARLES MAGEE ADAMS	
Don't Owe Too Much Money . . . . .	63
By ROY A. FOULKE	
The Government "Discovers" Coordination . . . . .	68
By ROBERT HENRY	
Casting Bread Upon the Waters . . . . .	76
By SHELDON WILLS	

## The Regular Features . . .

Through the Editor's Specs.....	7
When Zeal Becomes a Runaway Horse...By MERLE THORPE	13
Men Whose Names Make Business News.....	31
No Business Can Escape Change.....	40
Washington and Your Business.....By IRA E. BENNETT	42
The Map of the Nation's Business.....	88
What I've Been Reading.....By WILLIAM FEATHER	92

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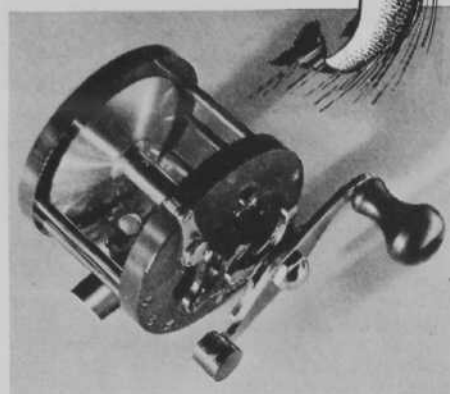
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# STRIKE!



... the reel sings ... the Gulf Stream goes white where the big fellow leaps ... the battle is on! It's a test of nerves, skill, *equipment*. To assure the dependability of the equipment, Bronson switched to Durez for the sides and housings of their new reels "Buccaneer" and "Corsair." The Durez units will never be affected by the corrosive action of salt water ... will always run free and fast. They are strong, yet light in weight. \*\*\* Do you make anything that's affected by corrosion?—investigate Durez!



# TRIM,

compact ... neat, sanitary ... light in weight, long in wear—it's a modern housing molded of Durez! Oster Manufacturing Co. picked

Durez because: water or wear won't dull the finish; it won't conduct heat from the motor; it comes from the mold complete with slots, decoration, shaft-bearing and final finish—saving many production operations. \*\*\* Your electrical appliance will be lighter, cooler, more attractive—in a Durez housing!

**DUREZ** is a hot-molded plastic, simultaneously formed and finished in steel dies. **STRONG ... LIGHTER THAN ANY METAL ... HEAT-RESISTANT ... CHEMICALLY INERT ... SELF-INSULATING ... WEAR-PROOF FINISH.**

There are 307 Durez compounds, each with a specific use. In considering molded plastics let us specify the proper compound for the job. For further information and copy of monthly "Durez News," write General Plastics, Inc., 1510 Walck Road, N. Tonawanda, New York.

# DUREZ

## Through the EDITOR'S SPECS

### Wishbones for everybody

WHAT has happened to the morale of the American people in recent years is as much the concern of the psychologist as of the politician. Sad to relate, the variations and volume of relief reveal a national state of dependency.

It is difficult to know whether the lengthening of the public feed trough is cause or effect of the lavish expenditures of Government. Possibly the indifference to strict accountability proceeds from the notion that emergency measures are exempt from the precisions of ordinary times. A cursory run of the news of any day readily shows that the people have abandoned self-reliance as a national ideal and now look to the central Government for their sustenance and recreation.

The moral consequences not only dismay—with charges of administrative irregularities, political pressure and preferences, calculated waste, unbelievable stupidities, and brazen defiance of the courts—but strike alarm as well.

CHAPTER AND VERSE of the disease to which the people have been exposed, in part by their own folly and in part by bribery, are readily accessible in what is coming out of the WPA, in accounts of officials boosting their own salaries, the padding of its pay rolls with party henchmen; the prolongation of the life of outlawed agencies, as the AAA; the organized raids on the Treasury by groups with votes to deliver; the studied leniency of the HOLC in dealing with "wilful delinquency"; the mystifying tide of orders issuing from the new bureaucracy and now coming to light through the Federal Register; and the labyrinth of laws that nobody knows.

A DEPRESSION PSYCHOSIS may with charity explain the deterioration of the traditional spirit of independence. Surrendering individuality to Government, or merging it with the mob offers no cure for the national blues. A good many things can be imported

to make up deficiencies owing to drought or war. No country can import character.

### Statistics out of step

SPEAKING before the International Labor Organization of Geneva, Secretary Perkins asserted that 5,500,000 unemployed have been put to work, 3,000,000 others have gone back to agricultural occupations and 3,000,000 more were employed by the Government in various fields. These figures make a total of 11,500,000 previously jobless persons who have been restored to employment. Yet, the Department of Commerce estimates current unemployment at 9,500,000. Combining the two estimates, it would appear that 21,000,000 persons were supposed to have been unemployed at the low point of the depression. (Figuring four to the family, that would mean 84,000,000 out of 126,000,000! Or, to put it another way, only 20 of the 40-odd million workers on the job.) Against this Labor Department figure of 21,000,000, however, the Department of Commerce gives the peak of unemployment at 15,000,000.

The Department of Commerce is obviously not satisfied with its own estimate. Simultaneously with its release, the Department announces that it has been considering the feasibility of an unemployment census. Only a few months ago, however, the Department found occasion to caution the public against misinterpreting unofficial employment and unemployment estimates. It warned that

because of the limitations of the methods followed and of the data available, the employment estimates may tend to be low, and, conversely, the unemployment estimates may be too high.

Presumably, this note of caution is applicable to the new estimates of the Department's figures which represent "a composite estimate of unemployment based, in part, on statistics of other government agencies." Of course, there may be undisclosed but convincing reasons for the obvious disparity between the Geneva and Washington totals. One explana-



# All through the night



*Sleep like a Kitten*

tion, which is without official sanction, is that perhaps the 3,000,000 persons handed government jobs of one sort or another are not considered to do enough work in their public assignments to be dropped from the category of the unemployed.

## Filling the horn of plenty

WHAT business has been saying solo about the consequences of the prodigal spending of the public means is frankly, if belatedly, echoed by a government agency. In its world economic review for 1935, the Department of Commerce declares that:

Future business prospects are in a degree conditioned upon the possibility of bringing expenditures more in line with receipts and thus eliminating, partially, at least, the uncertainties prevailing in connection with future taxation and other budgetary problems.

Whether the state of affairs in the past three years has advanced to "substantial" recovery is debatable, of course. No business man is likely to quarrel with the conclusion that:

The recovery achieved to date still leaves business far from a condition in which it gives full employment to labor and utilizes productive equipment to its maximum. . . . It is obvious that entrepreneurs are not drawing upon the capital markets for new funds on an important scale at the present time.

Granting that government expenditures have stimulated purchasing power, pump priming raises its own issue. Nobody has put it more simply than the head of General Motors. In a statement to his stockholders Mr. Sloan said:

Constructive enterprise sponsored by private initiative must be substituted for boondoggling, actuated by the political consideration and paid for not only by the taxpayer but by every individual consuming goods and using services. And that is entirely possible whenever it is desired to make it possible. Every day of delay simply means an added burden carried into tomorrow, and the future. Irrespective of how great the resources of any nation may be, it is no different, fundamentally, than that of any individual within the nation. It cannot continue indefinitely to spend more than it collects. It cannot continue indefinitely to keep lowering the ceiling of opportunity for constructive enterprise through the influence of a continually increasing indebtedness. And that is just what is being done at present.

Hard to get around to the idea that the seemingly magical horn of plenty has two ends. What comes out as spectacular gifts to the people goes in as taxes. The only magic is in persuading the people that their blessings do not come indirectly from themselves.

## A case of mistaken identity

TO delegates of a labor union convention in Rochester, William Green,

AND ARRIVE *Fresh as a Daisy* ON

## THE GEORGE WASHINGTON THE SPORTSMAN—THE F. F. V.

*The Finest Fleet of Genuinely Air-Conditioned Trains in the World*



*George Washington's Railroad*  
**CHESAPEAKE and OHIO**  
*Lines*

*Original Predecessor Company Founded by George Washington in 1785*

"A-L-L A-B-O-A-R-D The George Washington!" ST. LOUIS—Union Station; CHICAGO—12th Street Central Station; INDIANAPOLIS—Union Station; LOUISVILLE—Central Station; CINCINNATI—Union Terminal; WASHINGTON—Union Station; PHILADELPHIA—Pennsylvania R. R. Stations; NEW YORK—Pennsylvania Station.



A. F. of L. chieftain, is reported to have said that the break between the craft and industrial factions would develop through all the constitutional organizations and he concluded that:

Then your enemy and mine, the employer, would sit on some elevated point and laugh and say, "My God, I couldn't have raised enough money to cause that fight. But I'm glad it's there."

No novelty is the idea that the employer is inherently at cross purposes with the workers. In Europe the notion of the "class" struggle is as old as Karl Marx. What is happening today in France and Spain derives in part from the cleavages traceable to the doctrine that the employer is always and necessarily the wage earner's adversary.

No one would argue that Mr. Green would knowingly invite the extreme consequences of an inspired division of the common interest of employer and employee now on view in Europe.

While he was speaking in Rochester, Toledo's labor troubles were making news. Six hundred men were on strike at the closure plant of the Owens-Illinois Glass Company, but not against employer. Worker was pitted against worker in a jurisdictional battle. Flat glass workers, an industrial union, contended against the glass bottle workers, a craft union. They insisted that machinists in the plant who hold the balance of power between the two unions are eligible to belong to the flat glass union, but not to the bottle blowers union. They would not submit to an election.

Worth remembering that labor unions fall out among themselves as readily as they fall in for a fight against "your enemy and mine." With labor so riven by internal dissension, and the issues obscured with the mist of words, a case of mistaken identity is quite possible. The "enemy" may be no outlander, but a force within the fold once recognized in the guise of friend.

### Buyers determine wages

AMONG the many current states of mind Bernard Kilgore has turned up for his paper, the *Wall Street Journal*, none is more relevant to the issues of the times than the one communicated by a mid-western manufacturer. To the inquiring reporter he said:

Some people talk about the struggles between capital and labor. They make me sick. What does capital do, anyway? It only provides the facilities for men to work so that goods may be produced. There's no struggle. The real bargaining is between the workers and the consumers—the workers in this plant and the workers in other plants, the workers in the cities and the farmers.

What one business can pay its

## How a Man of 40 Can Retire in 15 Years



It makes no difference if your carefully laid plans for saving have been upset during the past few years. It makes no difference if you are worth half as much today as you were then. Now, by following a simple, definite Retirement Income

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### \$250 a Month beginning at age 55

Suppose you decide that you want to be able to retire on \$250 a month beginning at age 55. Here is what you can get:

1 A check for \$250 when you reach 55 and a check for \$250 every month thereafter as long as you live.

This important benefit is available alone; but if you are insurable, your Plan can also include:

2 A life income for your wife if you die before retirement age.

3 A monthly disability income for yourself if, before age 55, total disability stops your earning power for 6 months or more.

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The Plan is not limited to men of 40. You may be older or younger. The income is not limited to \$250 a month. It can be more or less. And you can retire at any of the following ages that you wish: 55, 60, 65, or 70.

How much does it cost? When we know your exact age, we shall be glad to tell you. In the long run, the Plan will probably cost nothing, because in most cases, every cent and more comes back to you at retirement age.

Write your date of birth in the coupon below and mail it today. You will receive, without cost or obligation, a copy of the illustrated booklet shown below. It tells all about the Phoenix Mutual Retirement Income Plan. Send for your copy now. The coupon is for your convenience.

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### PHOENIX MUTUAL

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Established in 1851

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LIFE INSURANCE CO.  
186 Elm St., Hartford, Conn.

Send me by mail, without obligation, your new book describing THE PHOENIX MUTUAL RETIREMENT INCOME PLAN.

Name \_\_\_\_\_

Date of Birth \_\_\_\_\_

Business Address \_\_\_\_\_

Home Address \_\_\_\_\_

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## LASTING MONUMENTS

With its graceful columns towering mountain-high above the busy lowlands it spans, the George Westinghouse Memorial Bridge affords Lincoln Highway travelers a smooth, fast route for entering or leaving the city of Pittsburgh. It affords them also a commanding view of another tribute to the memory of George Westinghouse—the headquarters plant of the electrical manufacturing company which his genius founded and has inspired throughout its fifty years of achievement.

Yet neither this bridge, which fittingly symbolizes the span of Westinghouse service... nor any Westinghouse plant, however impressive... can compare as a memorial with the legacy bequeathed to the world in large measure by George Westinghouse—the universal use of electric current. Broadly speaking, the



Electrical arc-welding is one of the many fields in which Westinghouse enterprise has won recognition of leadership. Quite appropriately, all reinforcing metal in the Westinghouse Memorial Bridge was welded by this modern method.

entire alternating-current system, which permits the widespread distribution of electricity, owes its birth and early development to his keen perception, courage and tenacity. The name of Westinghouse is perpetuated thus throughout every modern use of mankind's most powerful ally.

In this Golden Jubilee Year, the Westinghouse organization honors its founder... and pledges continuous perpetuation of his ideals through the expansion of electricity's usefulness to the world. Westinghouse Electric & Manufacturing Company, East Pittsburgh, Pa.

50 YEARS OF



ACHIEVEMENT



workers as compared to what another business can pay its workers gets down to what each group is willing to pay for the other group's products. Obscured and complicated as the workings of this bargaining process may be, it nevertheless has the last word in determining rates of pay.

Labor spokesmen fulminate against "capital" and management, and management is known to yield to pressure as the easiest way to industrial peace. Talk of a "class" struggle fills the air. The economics of the situation are usually lost in the squabbling over the filling of the pay envelope.

Short of monopoly or frozen prices for goods and services, the public—producing workers in their rôles of eaters, drinkers, wearers, users, good liveries—is the arbiter of the going rate of pay for the workers who satisfy its wants and its whims. If prices, out of which wages must come, are too high to suit the public's idea of value, its preference goes elsewhere. The business behind the article or service suffers. Unfortunately for the country, it is easier to rouse the people with free-wheeling rhetoric about a "class" struggle than with reason to the contrary.

## No cash

HEAVY business conferences nowadays quickly deteriorate into discussions of November 3 possibilities, and wishful thinking is the rule. A subscriber writes of an amusing incident.

"Yes, sir," a vice president was asserting, "he'll be elected overwhelmingly."

"Oh, no!"

"I'll stake my judgment on it."

"Will you bet \$5?"

"Well, now, that's something else again."

## Methuselahs among peoples

WHAT the advertising fraternity knows as "fear" copy is definitely on the wane. Nobody can forever keep on scaring the public into buying his wares or avoiding the other fellow's. Outmoded as the psychology is in business, shapers of public policy continue to view with alarm. Witness the statement of the National Resources Committee, headed by Secretary Ickes:

Our land is like the land of the Mayas of Yucatan or the land of Babylonia, a rich country where civilization can flash into a blaze of glory and then collapse in a few generations into ruin.

If the Committee's agronomy is no better than its history, it is in a way to invite controversy as well as credence. Measured against the hundreds of years the Mayan empire is known to have existed, the dissolution of its culture in the span implied

by the Committee's measure beggars the pace with which the movies customarily compress time. Babylonian civilization was hoary with the weight of centuries when the country yielded to the Persians in 539 B. C. From 3500 B. C. there is record that it gave life and meaning to the ancient world. True, its greatest city Learned and wise, hath perished utterly Nor leaves her speech one word to aid the sigh That would lament her. . . .

But a culture that endured for 30 centuries is not to be written off with the flourish of a committee pen, nor is the callow age of our own nation to be taken as the key to its own longevity. Possibly the Committee was only saying that the first 160 years are the hardest.

## Identifying a fact

THE Brookings Institution confirms the fear experienced in "When Zeal Becomes a Runaway Horse" on page 13 of this magazine. It notes the increasing tendency of Government in recent years to publish material designed to support the projects of the administration in power.

Covering all phases of governmental publishing, from formal scientific treatises to the innumerable press releases, it characterizes the worst of them as "embodying propaganda and glittering generalities in support of an undertaking." It suggests that careful study of governmental statements will differentiate between facts and favorable interpretation placed upon disagreeable facts by interested persons.

## As goes Maine - - -

ON a day last summer, when the only visible personnel left at Quoddy consisted of a few information specialists, some lecturers, and a traffic cop, the \$10,000 working model of the dam went haywire.

This model, about 300 square feet in size, is housed in an exhibition hall, where visitors are invited to sign a register, look at various pictures and plaster casts, and listen to a government lecturer describe the mechanical marvels of the whole dam project.

"Now as this gate opens," said the lecturer, pointing at a small metal gate in the working model.

"—As this gate opens," he repeated, as the gate refused to budge.

"—As this gate—" he began for the third time; then quit. For the Passamaquoddy was overflowing the Bay of Fundy and the tides were all in reverse.

"It's no use," the lecturer concluded. "We've had engineers working on this thing all morning. There must be a short circuit!"



## STRAWS IN THE WIND

AN engineer, mapping Death Valley, finds a kind of print that resists the fading action of the fiercest sun . . . a manufacturer learns how to make substantial savings by eliminating the expense of ink tracing . . . a chief draftsman discovers a machine that cuts drafting time 25% to 40% . . . an engineering record department at last obtains a vellum tracing paper that will not discolor nor grow brittle with age . . . a purchasing agent finds a single source for every engineering need.

What do those things mean? They are straws that show which way the winds of progress are blowing . . . significant indicators of an increasing trend towards the products and processes of one company.

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on Goodyear Tires than on any other kind!"

Now this time-proved tread reaches a new peak of efficiency and beauty in the handsome new super-standard Goodyear Double Eagle Air-wheel\* with its tougher, thicker tread slotted 15% deeper to provide still greater grip—the safest tire money can buy. In every Goodyear, regardless of price, you get this same fundamental protection of traction in the center of the tread where you must have grip for safety—grip that registers so clearly on every road it tells all who cross your trail, "a wise man has ridden here!"

\*Registered



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IN RUBBER

# GOOD YEAR

WHO'LL WIN THE ELECTION? Tune in Goodyear broadcast of Literary Digest Presidential Poll NBC Blue Network. MONDAY—WEDNESDAY—FRIDAY. See local papers for time



## When Zeal Becomes a Runaway Horse

A WEATHER-BEATEN SKULL is dragged through western communities to give local color to an official photographer's notion of what a drought ought to be. The incident is unworthy of serious comment if it were not a manifestation of a disturbing tendency—the promotive zeal of political leadership outrunning a punctilious regard for facts.

When people lose respect for their government it is time to fly danger signals. Confidence in the administrators of a social compact, particularly in a democracy, is the cement which keeps organized society from flying apart.

In the main, the American people have respected the Federal Government. They have been gravely scandalized at times and their nostrils have been offended with the odor of corruption.

But these occasions have been incidental and not typical. Eight generations here have continued to subscribe whole-heartedly to a system of elective stewardship of their affairs, while hundreds of governments, in the same period, have crashed.

In America this confidence has been apparent in the homely and healthy respect for the seals, stamps and badges of Federal authority. "United States Postage," "United States Inspection," "Bottled in Bond," "U. S. Observatory Time," "U. S. Assay Office"—these certifications of Federal agencies have been accepted as dependable guarantees.

Time was when a statistic, to be believed, had only to bear the name of the United States Government. But in the years since the Great War there has been a subtle and rapid change. Every editor knows this. No longer do we accept at face value facts and figures released in such torrential flood from Washington. Skepticism of necessity rules when such inconsistencies prevail, to mention only one, in unemployment figures, with a score of Federal agencies issuing statements, varying the number not by thousands but by millions.

But was this state of affairs not to be expected? As we plunged the Federal Government into a thousand new fields, with hundreds of rival

Bureaus proselytizing for public approval and appropriations, with emphasis shifting from research to promotion, and with the new order daily preaching its gospel through press, radio, screen and stage, authenticity suffers and confidence shrinks.

Naturally, as the winds of new doctrines blow across the land, officials tend to become more persuasive than punctilious. Political hocus-pocus is at odds with the power and dignity of government.

Leaders become zealots, crusaders for their particular cause, and research, the proper province of government, is prostituted to support doctrines.

Political zeal becomes advocate before jury, presenting only such evidence as will forward its case. When cross-examined, it evades, it pettifogs, it resorts to subterfuge. Under pressure it becomes indignant, and falls back upon the cheap tactics of *ad hominem*—of obscuring the issue by taunting the opponent with irrelevant reflections upon personal affairs. It becomes sentimental, even maudlin; it scolds in turn; it loses perspective.

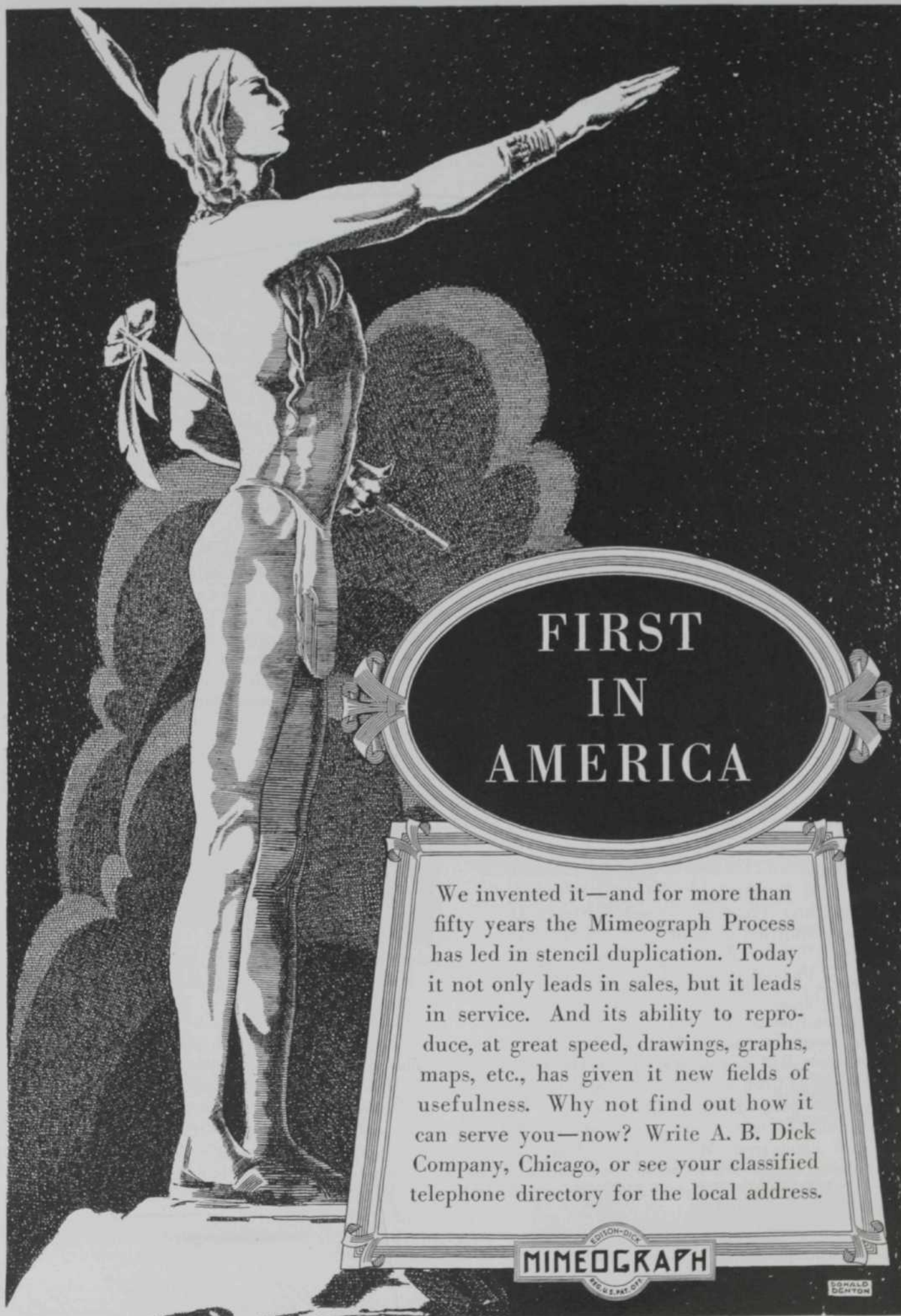
It is not pleasant to contemplate the vast mechanics of public propaganda. It is disturbing to view its deeper significance. President Roosevelt wisely said,

But remember well, that attitude and method—the way we do things—is nearly always the measure of our sincerity.

The fabrication of facts to buttress a cause is not of recent origin. The practice is a natural child of war propaganda, where facts admittedly are distorted, on the ground that any means justify the ends. The peace-time child is attaining war-time stature. The tendency has reached its logical and noxious growth in the one-party Governments of Russia, Italy and Germany.

If not checked in America, we shall lose our democracy, for it thrives only upon the confidence of the people in the integrity of their public servants.

Merce Thompson



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**MIMEOGRAPH**

DONALD DENTON



# Why Business Men Are Cowards

BY  
GEORGE E.  
SOKOLSKY

THE word "capitalist" is less popular among business men than among Communists. They try to invent words and phrases to circumvent its use. They call themselves "individualists"; or they like to use the phrase, "individual initiative." They prefer "the profit system" to "capitalism."

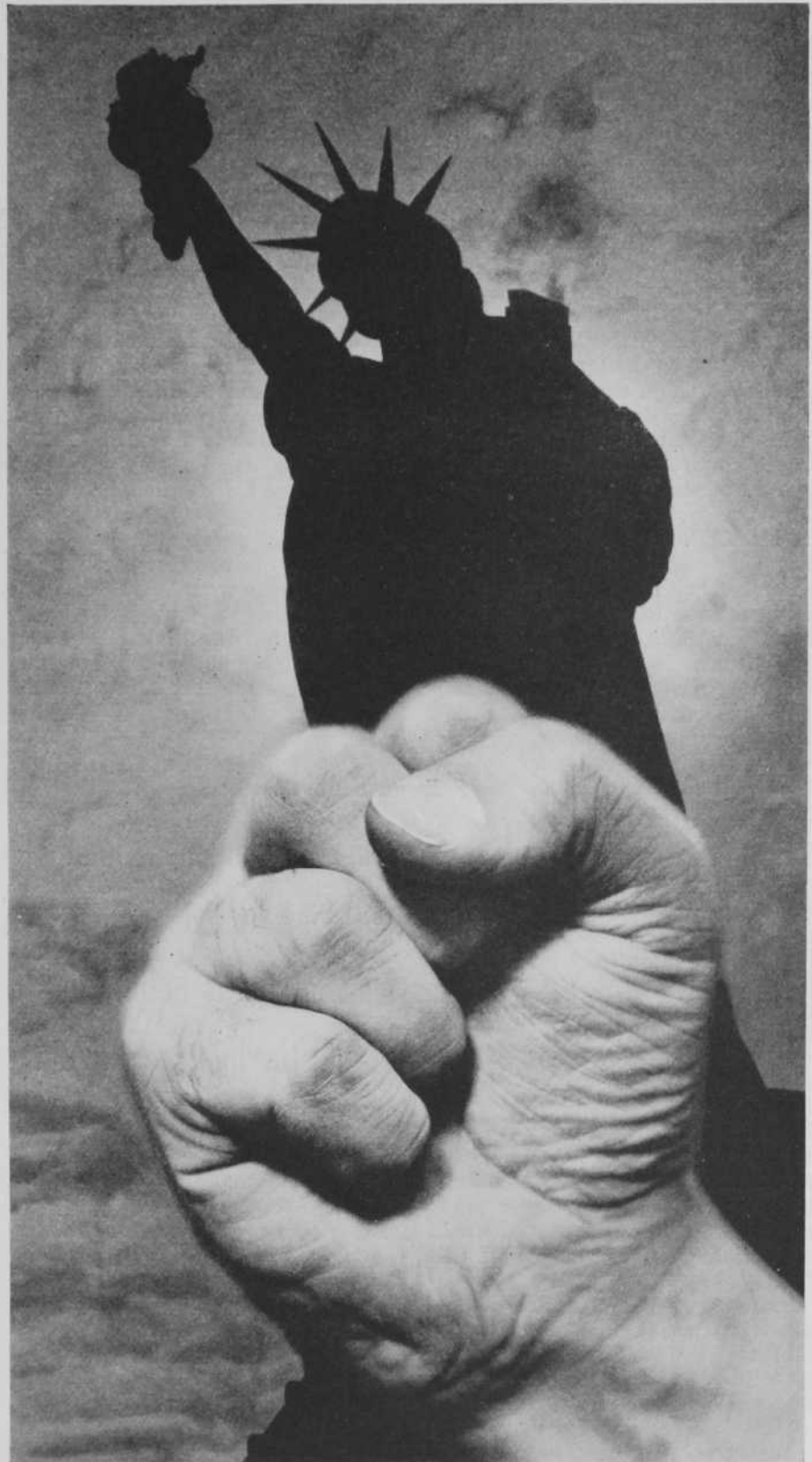
Authenticity has never been achieved by dodging facts or sugar-coating unpleasantness. The American business man who believes that he is convincing any one of the justice of his position by admitting at the beginning of the discussion that he is ashamed to be identified with what he is doing provides all the ammunition needed for his own destruction. In a war of propaganda—and that is what we are living through today—cowards cannot survive.

Of course, the question naturally arises whether Capitalism is worthy of survival. I, personally, believe that, on at least two counts, it is:

First—because the achievements of the capitalist system as it has developed in this country have made it possible, through equality of opportunity, for the largest number of people to partake of the spiritual values of human liberty;

Second—because it is now altogether clear that, in addition to enjoying human liberty, those who live in capitalist countries also enjoy an incomparably higher standard of living than those who live in Communist or Fascist countries.

Quite apart from all other considerations, I believe that an economic



J. V. D. BUCHER FROM NESMITH AND H. ARMSTRONG ROBERTS

and social system of this character is worth fighting for. Others, to whom human freedom means nothing, desire a government-guaranteed existence. They will prefer Communism or Fascism on the assumption that such governments can make good their promises—which has not yet been proved either in the Communist or Fascist countries. The evidence still remains that such governments survive only by repression, even extermination, of the individual.

### Traitors to their heritage

ON the other hand, there are those who believe that the fight for capitalism has been lost and that the wise business man and the wise inheritor of wealth should climb onto the bandwagon of destruction in the hope that he may thus save something.

All experience with revolutionary movements shows that such Keren-skyists save nothing; they are, in fact, the first to be despoiled, for their cowardice makes them apt subjects for the termitic habits of the revolutionists. They save nothing for themselves but they strengthen the forces of destruction.

Such cowards should be recognized by the Communists. Lacking conviction, they have taken advantage of the benefits of capitalism without a knowledge either of the workings of the system or a faith in its usefulness. They continue to enjoy the fruits of capitalism while, by their weakness, they encourage the enemy of capitalism. They narcotize themselves into believing that they can survive by committing suicide.

I do not wish to criticize those who sincerely dislike the American way of life. I criticize those who give comfort to the enemy while accepting the profits of capitalist enterprise. I have more respect for the collarless, hoarse, and often hungry soapbox orator who has just cause to complain that life has been hard. But I grow very weary when I read of women who live in palaces on Long Island or at Santa Barbara or who possess trust funds provided by hard-working, producing parents, contributing funds to and lending support for the destruction of the means of production and distribution in this country.

I know a person active in attacking every social and economic institution of this country, who lives upon the accumulations of capitalist processes. Is he sincere? What difference does it make? He may enjoy financing his own destruction but is

that any reason for our accepting the situation that out of the stocks and bonds of capitalist enterprise, he finances our destruction? He may be having lots of fun. But it is no fun for the rest of us.

Many believe that such a person is a "liberal," which, in this country, means the gamut of human thought from Earl Browder to Herbert Hoover. They even praise his liberalism as astonishing in a rich man. Actually such a person, by financing subversive movements, by lending his name and prestige to crazy ideas, does incalculable mischief at a critical period in history.

Capitalist money has been financing every Communist and Socialist movement in this country. Capitalist money has been financing the propaganda for limitations upon reasonable freedom in the conduct of business enterprises. It would be an exciting study to list the Foundations supported out of capitalistic funds and which in turn support the individuals and movements which undermine the American way of life.

The American business man who worked his way up into the high income tax brackets may feel that it is smart to have a son who goes picketing and a daughter who swears by Stalin. He says, "Let youth have its head." One man smilingly told me that, when the revolution came, his Communist son would save him from the guillotine.

But it is not youth that is having its head; it is his son and daughter who are spending his money for his

in this business for a profit. Their property would be one of the first to be taken over if government ownership and operation of public utilities were a national policy. In fact, their major property is a government owned and controlled air-wave which they are permitted to use.

In the debate between the Government and its citizens concerning any public question, the Government can claim no preference on the radio in a democratic country. In a controversy over taxation, laws limiting freedom of speech, the abuse of the inquisitorial powers of Congress, business, which includes the radio companies, finds itself in conflict with government officials who insist upon expanding the powers of government beyond the traditions of a democratic country. Those who own the radio companies are in the same boat as those who own steel or rubber or mining companies.

### Afraid of government

YET, the radio companies have established a form of censorship which practically has placed the radio at the disposal of the Government for propaganda purposes to the disadvantage of the business men. I shall never forget having to listen to only half of a speech by Herbert Hoover in Philadelphia, because that was all the time one station allowed him. Yet, Cabinet officers have been given endless time to preach doctrines which many citizens believe would destroy our economic structure if there were no Supreme Court to protect us.

I once had this out with a high official of a great radio company. His defence was that the President of the United States is an exception to all rules—which I think is wrong in a democratic country. I asked him why business men could not even use programs that they paid for to discuss important economic questions, if the radio company suspected that the intention was political. He said that, if the radio companies did

not take the care they are taking, they would lose their wave lengths and that then we should have government control, operation and censorship.

Have we become such cowards that we have no way of protecting freedom of speech over the air except by kowtowing to a bureaucracy?

I know of several organizations of business men who have sought time during sustaining hours—when jin-

(Continued on page 108)

**"WE cannot be slave and free at the same time. The business man who will not fight for the independence of the American citizen is helping to destroy himself and the business he operates"**

destruction. The man who would not write a check for Earl Browder's campaign fund may hand his son a check which goes into Earl Browder's campaign fund. It makes no difference how it is done; the effect is the same.

It is destruction.

The radio is supposed to be owned by business men. The same kind of business men who own steel plants, electrical equipment companies, tailoring establishments. These men are



# Uncle Sam Flirts with the Co-ops

BY ROBERT L. VAN BOSKIRK

IN 1845 a group of Boston citizens formed the first cooperative society in this country. Cooperatives have been with us ever since. Paradoxically, they both flourish and melt away in depressions. The old ones are inclined to fade out more rapidly than private businesses and new ones are born from the groping about of hard pressed citizens.

Today, however, the cooperative is receiving more attention than ever in the past. Its disciples are urging its adoption as a quick and logical cure for whatever economic ill was last mentioned in the conversation. It is variously proposed as a way to raise prices; to lower prices, and to establish an entirely new and better way of life.

The extent to which it might affect every type of business man is indicated by the all-inclusiveness of the English Cooperative Wholesale Society which has 140 factories and workshops, a fleet of steamers, a bank, an insurance company, tea plantation and depots in Africa and the Far East. Its potency as a possible political force is indicated by the presence of nine cooperative party members in the British Parliament.

How far the movement will extend in America is doubtful. If it follows all previous experience in United States history, the cooperative will decline following a rapid and permanent business recovery.

On the other hand, Americans are probably the greatest nation of joiners and imitators in the world. This is the greatest country on earth for doing what your neighbor does regardless of cause or result. With

financial and vocal support from the Government, church and politicians, it is conceivable that millions of our citizens might be temporarily converted to this foreign incubated system.

## Many kinds of co-ops

UNQUESTIONABLY the movement is growing. Nobody knows certainly how much, although the most quoted figures list the number of organizations at from 7,000 to 15,000 and the annual business at from \$500,000 to \$1,000,000 a day, as compared with \$69,000,000 a day, done by all business in 1933. Part of the confusion grows from a lack of definition. Insurance co-ops, recreational groups, funeral societies, telephone co-ops, credit unions, even voluntary chains, are frequently included to make the figures more impressive.



PHOTO CARTOONS BY GEORGE LOHR

The Government is spending tax money to promote cooperatives both financially and educationally

## HOW FAR has the Government gone in sponsoring consumer cooperatives—and can this form of distribution thrive in America?

Whether or not all these organizations can properly be classed as consumer cooperatives is beside the point. The fact remains that establishment of cooperatives or even the campaign to establish them is a vital factor in the business picture today. The further fact that the federal Government is spending tax money to promote this campaign, both educationally and financially, commends it even more to the business man's attention.

When the Government begins to publish documents, to send investigating committees to Europe, to lend money, all to further a program which, if it attains anticipated success, will put him out of business, the business man should at least

show an interest.

Since the Government is doing all these things for cooperatives, it is pertinent to find out what cooperatives are and why the Government is so fond of them.

Broadly speaking, cooperatives are groups of people who have joined together to provide goods or services for themselves or others. They are of two general types: producer cooperatives and consumer cooperatives.

The base of the American cooperative movement has rested largely on the producer cooperatives. They are most often made up of farmer groups organized primarily to get the best possible price for their commodities.

Consumer cooperatives are organizations which procure and sell goods upon a theoretical non-profit basis. Net earnings are returned to the members in proportion to the amount



of goods purchased. Their goal is to keep the price down.

Sometimes the two types overlap, however, as Dr. Joseph G. Knapp, agricultural economist of the Farm Credit Administration, points out. He explains that a farm producer co-op might properly sell oil for a member's tractor since the oil is used to produce a crop. By this reasoning, what really amounts to a consumer's co-op can get a loan from the Farm Credit Administration on the ground that it is a farm producers' cooperative. In fact, Farm Credit has already advanced more than \$1,000,000 to cooperatives selling petroleum products to farmers.

Dr. Knapp also points out that intelligent negotiations will be needed before the producer and consumer cooperatives reach any very genial fraternity between themselves. He even hints at eventual conflict because organized consumers are interested in buying as cheaply as possible while organized producers want higher prices.

If such a conflict comes, the Gov-

for loans of \$50,000,000 in 1936 and \$40,000,000 a year for the nine years following 1937. Before 1929, private companies were spending more than this (about \$100,000,000 a year) building rural lines. As a result, in densely populated farm states, electrification was growing rapidly. Since 1923, the number of farms served has increased from 11.4 to 66.6 per cent in New Hampshire; 11.3 to 60.3 in Connecticut; 3.4 to 58.9 in New Jersey and 7.3 to 56.6 in Massachusetts. But the *Rural Electrification News*, published by the REA, implies this isn't a very good record. It states that, in France, nine out of every ten rural communities have electric service and in Germany approximately 90 per cent of the farms are wired. It doesn't state that the average farm in Europe runs from nine to 40 acres, which means several more customers per mile than are available in our own farm belt where 40 acres is hardly more than a garden and wood lot.

The Tennessee Valley Authority marches arm in arm with REA in

Relief fund to assist the development of cooperative enterprises in the Tennessee Valley and vicinity. Inquiry as to this group's activities brought the answer in a postage free envelope that the Tennessee Valley Associated Cooperatives was not a business enterprise but an administrative unit for dispensing relief funds in the development of cooperative enterprises in the Tennessee Valley and teaching the economic advantages, under certain conditions, of cooperative enterprise.

The old Federal Emergency Relief Administration did its bit in promoting cooperatives, although this was reputedly done to cut the cost of relief.

The Relief Act of 1933 empowered the Administrator to assist cooperative and self-help associations for the barter of goods and services. Some \$3,192,000 was earmarked for the specific purpose of establishing barter units—"Almost nothing," said a WPA official.

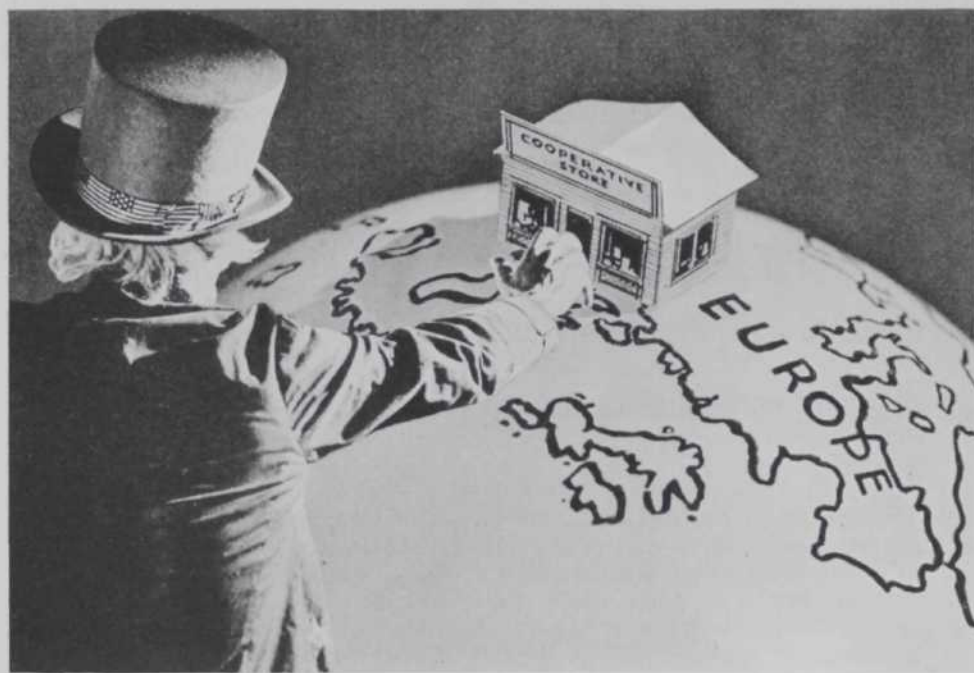
The self-help cooperative was designed to help the unemployed help themselves by trading their services for whatever they could get. In lieu of cash, the workers received work-slips which entitled them to food or clothing produced by other workers in the group.

### Self-help co-ops

THE Relief Administration made grants to 283 of these self-help co-ops, 215 of which still exist. They were primarily agricultural and mostly in western states. Ninety-eight per cent were in towns of less than 20,000. Washington and Utah passed legislation establishing this type of cooperative and in Washington \$50,000,000 was appropriated to aid them. In California, gasoline was made available out of county funds for the use of self-help cooperatives.

Works Progress officials emphasize the temporary nature of self-help co-ops and doubt that they will continue. They say that when these groups tried to manufacture such articles as shoes, shirts and overalls, they were unable to handle problems of production and management. The agricultural self-help groups collapsed when commodity prices went up and farmers found better markets. Attempts to teach handicrafts were foredoomed because this country has no tradition or market for handicraft.

Probably the oldest government exponent of cooperation is the Labor



The impression prevails that in cooperation—as in everything else—we are still "twenty years behind Europe"

ernment will find itself in an interesting position since, through its various agencies, it is assisting both kinds of co-ops.

The Rural Electrification Administration, for instance, allocated \$410,000,000 to electrify rural America, had by July 20 lent \$10,000,000 to cooperatives. Private companies had borrowed less than a million and a half and municipal plants slightly more than a half million.

The Rural Electrification Act calls

encouraging construction of cooperative power lines. Ten set up in the TVA territory serve 20,000 customers. Most of them borrowed funds from the Authority. But TVA doesn't stop with electrical co-ops. The town of Norris is served exclusively by a cooperative store. From March 8, 1935, to February 1, 1936, its earnings were reported as \$2,110.34.

The Tennessee Valley Associated Business Cooperatives, Inc., was given \$300,000 from the Emergency



Department. It has collected and distributed information on cooperatives for 20 years. The *Labor Department Review*, published monthly with a circulation of about 10,000, prints many articles on cooperatives and these are frequently reprinted in pamphlet form.

One of the most popular, entitled "Organization and Management of Consumers' Cooperative Associations and Clubs," includes full instructions for forming an organization and a model set of by-laws.

### "More than a business"

A QUOTATION from this pamphlet gives an interesting view of the Government's vision of the future of cooperatives:

The average working man who thinks of joining a cooperative thinks only of saving for himself the retailer's small net profit. He does not take due account of the fact that retail cooperative societies unite to form wholesales, and that these wholesales go into manufacturing and production of raw materials, and that the great cooperative movement of the world is moving on to put into the pockets of the consumers that vast fund known as "the profits of business." This is known to be a very concrete fact in those countries where a large part of the people supply their needs through their cooperative societies.

The distinguishing feature of the cooperative system is that it exists for the common good. *All land, buildings, or goods acquired become the common property of all the members.*

Cooperators at all times must remember that cooperation is not merely a business. It is something more than that. It is an experiment in a different kind of civilization.

Advice on cooperative problems may be obtained from the Bureau of Labor Statistics of the United States Department of Labor.

In the Consumers' Project, another section of the Labor Department, a small but enthusiastic staff helps keep consumer group organizations alive in various communities.

These consumer societies or institutes are made up largely of women's club members who often criticize the evils of the capitalistic system while their business men husbands are struggling to make a profit.

The Consumers' Project is preparing to revise and reprint Consumers' Cooperation Bulletin No. 4, first published by the National Emergency Council June, 1935. One of its chapter headings is "How the Federal Government Helps Consumer Cooperatives." Its concluding paragraph reads:

The federal Government has thus recognized consumer cooperation as a sound and legitimate means by which people can serve themselves.

But the Resettlement Administration has probably made the greatest step toward the establishment of a



TVA is a government yardstick for measuring electric power. Cooperatives may be used to measure retailers

"cooperative commonwealth." This bureau has about 15,000 employees, only 3,000 of whom are in Washington, D. C. The rest are in the states and critics of RA hint that these 12,000 voices are helping propagandize cooperation.

At present, Resettlement loans or grants to cooperatives total about \$1,000,000. This Tugwell bureau introduced the cooperative idea as an essential element of relief.\*

### Fighting the profit motive

THE Beneficiaries of Resettlement projects are being vaccinated with cooperative serum in an attempt to prevent the profit motive plague from ever again reaching the minds of unfortunate farmers who are now encouraged to believe that profits are not an essential part of the abundant life.

But while all these agencies do their bit for consumer cooperation, the attitude of the Agriculture Department is confusing and conflicting. At heart, Secretary Wallace is generally considered an enthusiastic booster for producer co-ops but indifferent toward consumer co-ops. However, in his book "Whose Constitution?" is a paragraph which seems to endorse a complete co-

operative commonwealth. It reads:

Producers' cooperatives are not enough. For the most part they merely take the place of middlemen and, while in many cases they save a substantial part of the middleman's profit for the producer, they do not have any very profound effect upon the people whom they serve. The cooperative way of life must pervade the community and this means there must be consumers' cooperatives as well as producers' cooperatives and ultimately industrial cooperatives.

But right in Secretary Wallace's own department the consumer-producer conflict shows up in the legal battle between the Consumers' Counsel (a division of the Agriculture Dept.) and the Maryland-Virginia Milk Producers' Cooperative over the price of milk.

And the Farm Credit Administration, while giving left-handed aid to the consumer co-ops, is primarily concerned with the producer co-ops. Many of its officials fear organized consumer voting power that might be used to dominate the farm producer.

The cooperative spirit ran rampant at political conventions in Minnesota where three parties wrote planks endorsing their growth; Senator Benson was introduced at Bagley, Minn., as "a shining star in the coming cooperative commonwealth."

In a statement urging his members to take advantage of all government

(Continued on page 119)

\*See article "Dissecting the Tugwell Experiment" September, 1936, NATION'S BUSINESS.



# The Retail War on Main

BY FRANK J. TAYLOR

IN OUR town one side of Main Street is at war with the other side of Main Street. Our town is in California, but it might as well be in any of the other 26 states where the merchants have lined up in two hostile armies. It isn't my war, but the merchants who belong to one army want me to help annihilate the merchants who belong to the other.

I don't want to be in the war at all, but they have passed a law forcing me into it. Now I have to choose my side. I have friends in both armies and it's going to be tough. A short time ago when he was visiting in my neighborhood I was talking with the Editor of NATION'S BUSINESS.

"Well, whom are you going to side with?" he asked.

"I don't know," I said.

"You had better be finding out," he advised. "When November rolls around you will have to fire your ballot. What happens may mean money in or out of your pocket."

"I suppose it does," I admitted.



"When you make your decision, sit down and write me how you arrived at it," he said.

The first thing I did was to look up some facts. The army of the Independents, I found, outnumbered the army of the Chains about eight to one. The Independents counted 77,919 units in my state, but a lot of them, like myself, were on



Grandma See, a widow, 65, opened a candy store to support her family. Today she has 30 stores with 300 employees and is one of the chains which come under the proposed new law

Hagstrom, a Swedish immigrant, ate his first Thanksgiving dinner in California in a breadline. Since then he has built two chains of food stores



# Street

OUT in California the Chains and Independents are engaged in a battle to the death; a customer who finds that, as a voter, he must get into the fray on one side or the other, here examines the opposing factions to determine which he prefers to support



Western Auto Supply, which sells accessories, would pay \$500 a store under the new law. Service stations are exempt

the fence. Their best fighting units were the independent grocers, about 9,000 strong, and the independent druggists, about 2,500 strong.

The army of the Chains, on the other hand, had 9,218 units in the state. They were all in fighting form because the Independents had persuaded the state to levy a special tax on each chain store.

It was this levy known as the Chain Store bill that involved me in the war. Passed by the legislature last year and signed by the Governor, Assembly Bill 2365 established a sliding scale of license fees on stores ranging from \$1 for the first store up to \$500 for the tenth and each store more than ten owned by one merchant or company.

That bill had some odd angles. It was passed osten-



A potato chip and \$200 started the Van de Kamp chain. Now it has 124 stores and 900 employees. Under the new law it might have considerably fewer

sibly as a tax measure, yet it exempted the biggest sources of taxes. It exempted, for example, the 5,200 chain filling stations in the state. All the chain motion pictures were exempt, as were the chain newspapers, barber and beauty shops, the restaurants owned by transportation companies, warehouses of distributors and ice plants.

When these exemptions were made in the law, the potential tax revenues were cut to about \$3,000,000 a year. So it wasn't much as a revenue producer.

Even to the casual observer there were some curious inconsistencies in the bill. There was, for instance, no tax on the Standard Oil Company's more than 2,000 filling stations that supplied motorists with gas and oil, tires, windshield wipers and batteries.

But there was a \$500 tax on each of the 110 stores of the Western Auto Supply Company which sold tires, windshield wipers, batteries and other accessories but no gas or oil.

There was no tax on the 1,000 stores of the United Grocers, Inc., scattered over northern California, a voluntary chain, yet there was a tax of \$650,000 on the Safeway Stores, a corporate chain operating 1,312 stores throughout the state.

The bill as originally introduced would have taxed the



filling stations, the theatres and newspapers. The exemptions were written into it in committee.

As passed, the bill was to operate in effect retroactively for the last six months of 1935. The Chains, caught asleep by its passage, were thoroughly aroused. They circulated a petition among their patrons and obtained 143,258 signatures asking for a referendum in the November election.

That forestalled actual collection of the tax until after the election.

This makes it necessary for me and my fellow citizens to decide whether one group of merchants shall use our state's tax machinery to penalize another group.

### Chains started as independents

MY inquiry into this tax has changed my ideas about merchants and merchandising. I used to think, for example, that the chains were merchandising combinations put together by the bankers in the heyday of business amalgamations. I had always heard that they were one of the insidious schemes by which bankers took dollars out of our pockets and shipped them to Wall Street.

But talking with the chain people convinced me that the only person who could build up a chain store system successfully was an independent merchant with an idea that the customers liked and a flair for merchandising.

The biggest and strongest chain in our section is Safeway Stores with 3,330 stores and markets in 21 states, most of them west of the Mississippi. This outfit was started in American Falls, Idaho, back in 1915, by M. B. Skaggs, whose idea was to let the customers deliver their own groceries, but share the profits with them. So many patrons bought from Mr. Skaggs' cash and carry stores that, by 1935, his Company's net sales were \$294,697,000. In California alone this one chain does a business of \$139,000,000. Incidentally, it spent \$229,000,000 for California products to be sold in stores in 21 states.

I found that Safeway, as now constituted, is the result of a merger of several chains. But all the merchants who merged with Mr. Skaggs started on a shoe-string as he

did. There was E. A. Hagstrom, a Swedish immigrant, who worked his way across Canada to the Northwest and came to California so flat broke that he ate his first Thanksgiving dinner in the breadline in Oakland. But Hagstrom had a flair for selling. Even after he had built up one chain of stores and had sold out to Safeway, he couldn't keep out of the business. He started a new chain. He still takes Thanksgiving dinner in the breadline. Now it is his own. Every year he is host to all the itinerants who will come at a big Thanksgiving party.

A good deal of the fire in the California war is directed at the A & P stores on the ground that they are owned by eastern capitalists who take their profits out of California and spend them in New York. This chain has 112 of its 15,000 stores in California. Its share of the grocery business of the state is comparatively small, but, last year A & P purchased more than 100,000 cars of fresh fruits and vegetables from California or almost ten per cent of the total output of the farms of the state. While it was true that the A & P stores are owned outright by the Hartford brothers who live in New York and buy most of their shirts and shoes there, it is equally true that the chain is the means of collecting more than \$55,000,000 each year from the rest of the country and bringing it to California farmers.

### Small chains are hardest hit

BUT THE Chains hardest hit by the \$500 per unit annual tax are the little fellows who don't matter in the total volume of business they manage to capture.

There was Grandma See, who found herself at the age of 65 a widow with a family still to be raised. Opening a little candy store in Pasadena, she sold pecan brittle like that she used to make for the church bazaars, first back in Toronto, Canada, and later in southern California. Customers liked her pecan brittle and she opened another store, then another.

Today 30 white front See candy stores are selling 1,500,000 pounds of candy a year throughout California. Grandma See, now retired at the age of 82, has turned her business over to her son and daughter who have 300 employees working for them.

These little candy stores can't stand a tax of \$500 each per year. If we citizens vote against the chains, a considerable percentage of Grandma See's employees will be looking for jobs. Many of the 30 landlords will be seeking new tenants.

There was a young fellow named Zinke who had an idea for repairing and shining shoes. Instead of leaving your shoes and calling for them later, you go to Zinke's Rebottoming Parlors, sit in a soft plush chair while a bright-eyed young man takes off your shoes. He wraps a warm little blanket around your feet and gives you a magazine to read. Before you know it, he brings back your shoes half-soled or shined or both. This idea caught on so well that Zinke has 20 shops. Zinke's is now one of the chain outfits they are asking me to help wipe out!

Back in 1914 in Los An-  
(Continued on page 96)



Safeway did a grocery business of \$139,000,000 in California last year; but it spent \$229,000,000 for California products sold in 21 states

COMMERCIAL & PHOTO VIEW CO.



# Chains Don't Bother Williamson's

BY A. E. HOLDEN



James Williamson

WHAT is the final destiny of retail distribution? Will the old-established order of jobber-independent dealers survive the encroachments of mass buying, mass sales competition? Is "Price" the magnetic power, the irresistible force that must eventually lure all America to the bargain counter?

These are the questions that more than a million retailers and thousands of wholesalers must answer if profits, progress and security are to attend their efforts.

A hardware dealer in a town of less than 3,000 has solved this problem. The interest in, and value of, his plan may not rest in the fact that this firm, Williamson & Company, of Angola, Ind., is in its sixtieth year of successful operation—that it survived several tough depressions, including the last—but because the company recognized the approaching crisis engendered by chain store competition more than ten years ago and, through surveys and analyses, met the situation and now enjoys the most profitable era of its career.

This plan involved revolutionary measures reversing policies of 52 years. Now for nearly ten years this retail organization has met and often beat chain store competition. It has



CLINE'S PICTURE SHOP

After changing policies of 52 years standing to meet chain competition this independent store has the best business of its career

made money consistently. The methods are so clearly defined as to be applicable to any line of retail or wholesale endeavor, so successful that they may not be passed over lightly. Here is the plan as Mr. Williamson described it:

We have no quarrel with chain stores. By the chain method millions of dollars' worth of merchandise is sold every day that would not be sold if hidden away on old-fashioned, out-moded shelves, or in dark basements. It is true, you may find some shoddy merchandise in some chain stores, even today, but any survey will reveal that a wide range of creditable products is obtainable at low prices. The high quality of this

merchandise, combined with the attractive prices, and alluring displays on self-selling tables, has revolutionized retail selling.

Our first step, therefore, was to emulate, then improve upon, the chain store method of display and pricing. We utilized valuable space to display hundreds of items which people buy every day, in the five-cent to 25-cent price range. This plan was introduced after a simple and inexpensive survey among many chain stores in nearby cities.

You've got to meet chain store prices today. By that I mean on comparable values and trade brands. The reason? No matter whether a retail business is operating in a rural community or in a large city, the public



knows prices through advertisements, catalogs and price tags. If you price an article at 15 cents and the chain store displays it for ten cents, most people will go to the chain store for that article.

If it is a trade-marked brand of lawn mower priced at \$4.98, or a \$200 electric range, most people will buy it where it is sold for less. That is why we planned our buying department to enable us to meet chain store price competition. Today every item in our store is priced as low or lower than it is quoted in the mail order catalogs, or in local and nearby mass sales stores.

This doesn't mean that we are price-cutters. We are only meeting a new condition. The chain store is here to stay. It has a wide public acceptance, and until the retail dealer, whether he sells hardware, drugs or food, can and will plan his displays and prices to equal or surpass those of efficient chain stores, the chains will continue to take his customers away. If a trade-marked brand of saw, or any other nationally advertised tool, is listed in a mail order catalog at \$2.75, my customers know it. If my price is \$3.50, or even \$3.00, they call me a robber or worse. The public measures values by the lowest price, quality for quality, brand name for brand name.

Here is an example: A doctor, amply able to buy anything he wants or needs, came in to buy a certain well known item which was marked 98 cents.

He said: "You are two cents higher than the catalog price."

We looked it up; the customer was right. In some way we had slipped on that item. This merely shows how well the people, rich or poor, are informed, and how quickly they will catch you up on prices and policies. Whether the difference is little or much, even your best friends will eventually forsake you to buy where it is cheaper.

### New methods of buying

BUT, to sell cheaply, it is necessary to buy cheaply. Frequently we are told that the independent can't meet chain store prices because he must buy through a jobber, and consequently must pay more. We don't find it so.

We buy only a small part of our merchandise direct, and then only when our jobber is unable to meet a rare specific condition which we must have in order to maintain our policy of meeting all chain store prices.

It is this close cooperation with our jobber that enables us to buy for less. We do not divide our purchase be-

tween half a dozen or more jobbers. We deal chiefly with one, then play ball with him. He, then, is willing to extend better discounts. He does this because we do not order six items when the standard package is 12, or buy 50 items when the standard package is a gross. It is unfair to ask him for extra discounts, then expect to buy in twelfth of a dozen lots.

However, there are times when a jobber cannot meet a situation in the regular way. Recently a local chain store was selling a certain desirable item for ten cents. We had to get 15 and we were losing sales. Our jobber told us that if we would buy this item in gross lots he would order it shipped direct from the factory and handle it on a brokerage basis. That saved the day, and we are now competing. We make a profit, the jobber makes a profit, and we are holding our trade as well as serving it.

The dealer and jobber advantage gained from this sort of cooperation is best shown in the matter of fishing tackle. Recently our jobber's representative spent the entire day writing up our 1936 spring order, the largest purchase in that line in northern Indiana. Everything that a fisherman needs is stocked here and on display. As a result, sales are coming to us from other states whose many

*(Continued on page 84)*



The first step in the new plan was to emulate chain methods of display. Valuable space is used to display hundreds of items that people buy every day

CLINE'S PICTURE SHOP



# The Intellectual Deficit

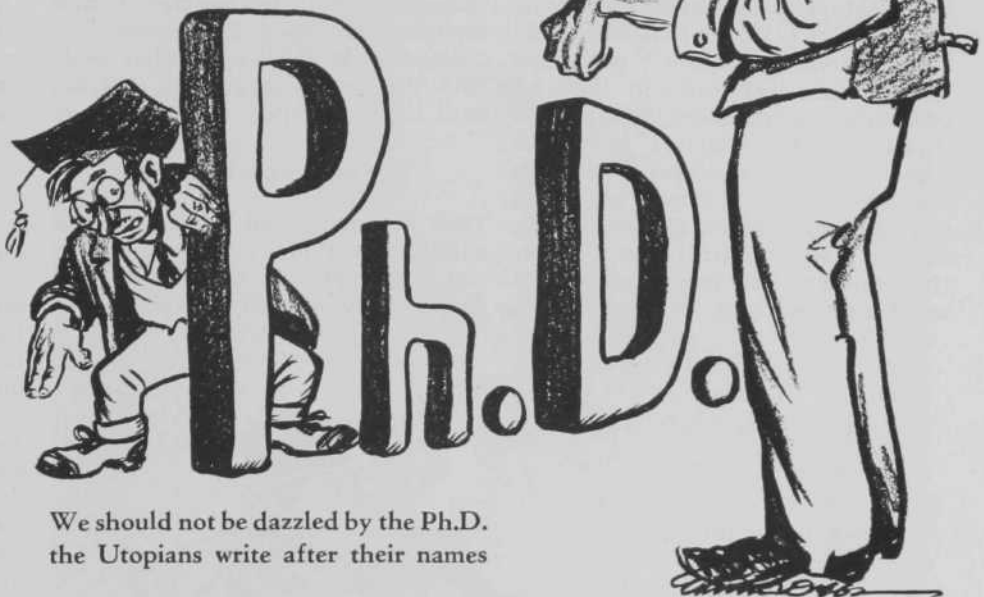
BY REVILO P. OLIVER

ALMOST four years ago a choice collection of massive minds settled down in Washington to generate ideas. Since then a fantastic succession of plans has flickered over the American landscape. After the first painful surprise of learning that it represented an outmoded economic and social order, American business, indefatigably optimistic, has carried on and hoped for better days. But optimism is no guarantee for the future when new and menacing forces have come into operation. Politicians and the poor we have had with us always, but business must now reckon also with the professor.

There is legitimate cause for apprehension in the fact that what are supposedly the best minds in the country—minds trained in the great universities that business men have created and supported with endowments and taxes—can find in our traditional system of economics only the “forces of greed, self-seeking, and reaction.”

When the academic cap-and-gown, which was once the symbol of scholarly detachment and sober judgment has become the symbol of radical and dangerous schemes for a “new society,” this fact indicates that some momentous change is taking place in the universities—a change which no man who would look beyond the immediate future can afford to ignore.

Communistic activities in American colleges have recently attracted some attention, but the various official investigations were, like most governmental investigations, rather unintelligently conducted and quite inconclusive. There are, and in the nature of things there can be, no accurate statistics on the opinions of the members of college faculties. The best that can be offered are estimates



We should not be dazzled by the Ph.D. the Utopians write after their names

CARTOONS BY EDMUND DUFFY

A MEMBER of the faculty of the University of Illinois who has had an opportunity to observe the academic world as student, business man and teacher, explains how colleges have fostered the urge to “social reform”

based on personal observations that are necessarily limited in their range. The following rough percentages represent the estimates made by three separate observers who have had extensive opportunities for personal contact with the faculties of six large Mid-Western universities.

Communists . . . . .	10
Thoroughgoing Socialists who favor a “managed society,” including nationalization of all primary industries . . . . .	20
Moderate Socialists who favor the New Deal and more of it . . . . .	10
Conservatives . . . . .	35
Indifferent . . . . .	20
All others . . . . .	5

Although they have, as yet, gained control of only a few institutions,

the radical groups are growing in numbers and influence. The power of American universities, which these groups are striving to dominate, is almost incalculable. Not only do these institutions influence their own students but, through the teachers whom they train for all the public schools, they mold, to some extent, the opinions of every literate American. The use which the radical groups plan to make of this power is no secret; their purposes are proudly proclaimed in the pronouncements of their leaders.

We could ask for no clearer statement than that given by Professor George S. Counts of Columbia University in a book which bears the significant title, “Dare the School



Build a New Social Order?" Professor Counts believes that the universities should train all public school teachers to indoctrinate their pupils with the credo of pure socialism.

"The teachers," says Mr. Counts, "should deliberately reach for power and then make the most of their conquest.... They should... be prepared as a last resort, in either the defense or the realization of this purpose, to follow the method of revolution."

Equally interesting are the recommendations of Prof. Rexford G. Tugwell, high priest and chief prophet of the New Deal. In the first volume of "Redirecting Education," published by Columbia University in 1934, he professes himself much less radical than Professor Counts; he would have the teachers do no more than indoctrinate the "ideals of social management," which involves abolition of private control over productive property and the creation of a new Utopia in which "persons who in-

sisted on such liberties would be regarded as public enemies." To this proposition Professor Tugwell adds the naïve comment:

"Why there should be anything controversial about the advocacy of social management it is hard to see!"

It may at first sight seem astonishing that the educational institutions of this country should thus be tempted to work for the destruction of the economic system that created them, but the mounting tide of radicalism is not inexplicable. To understand it, we must first recognize that there is here little question of new economic theories. Economics, like chemistry, is a science which deals with the means to an end, and not with the desirability of that end.

### The ends may be wrong

THE economist can devise an economic system adapted to a given social order, just as the chemist can devise a new explosive to be used in

war; but whether the social order and the war are in themselves desirable are questions that lie outside the domains of economics and chemistry. They are questions which properly appertain to the moral sciences—those which deal with the native capacities and necessary relations of human beings.

Thus Communism, for example, is not unsound economically, because its theory violates no law of supply and demand; but it is unsound morally because, first, the Communist assumes that his system will produce an impossible change in the character and conduct of human beings, and second, he seeks ends, such as the absolute equality of men without regard for their individual capacities and skills, which are morally indefensible and disastrous. Before we consult the economist, we must know what we want. That is a problem in human values.

It is of human values that the academic radicals, for all their specious talk of "social justice" and "human interests," are most egregiously ignorant. Their finely-spun and involved theories of reform are designed—perhaps very cleverly designed—to meet the needs of men and groups that exist only in the professorial imagination. Only thus is explicable their eagerness to lavish millions on various projects of "re-settlement" that are designed, not to relieve distress, but to regenerate persons who, with few exceptions, owe their present position to their own deficiencies of energy and intelligence.

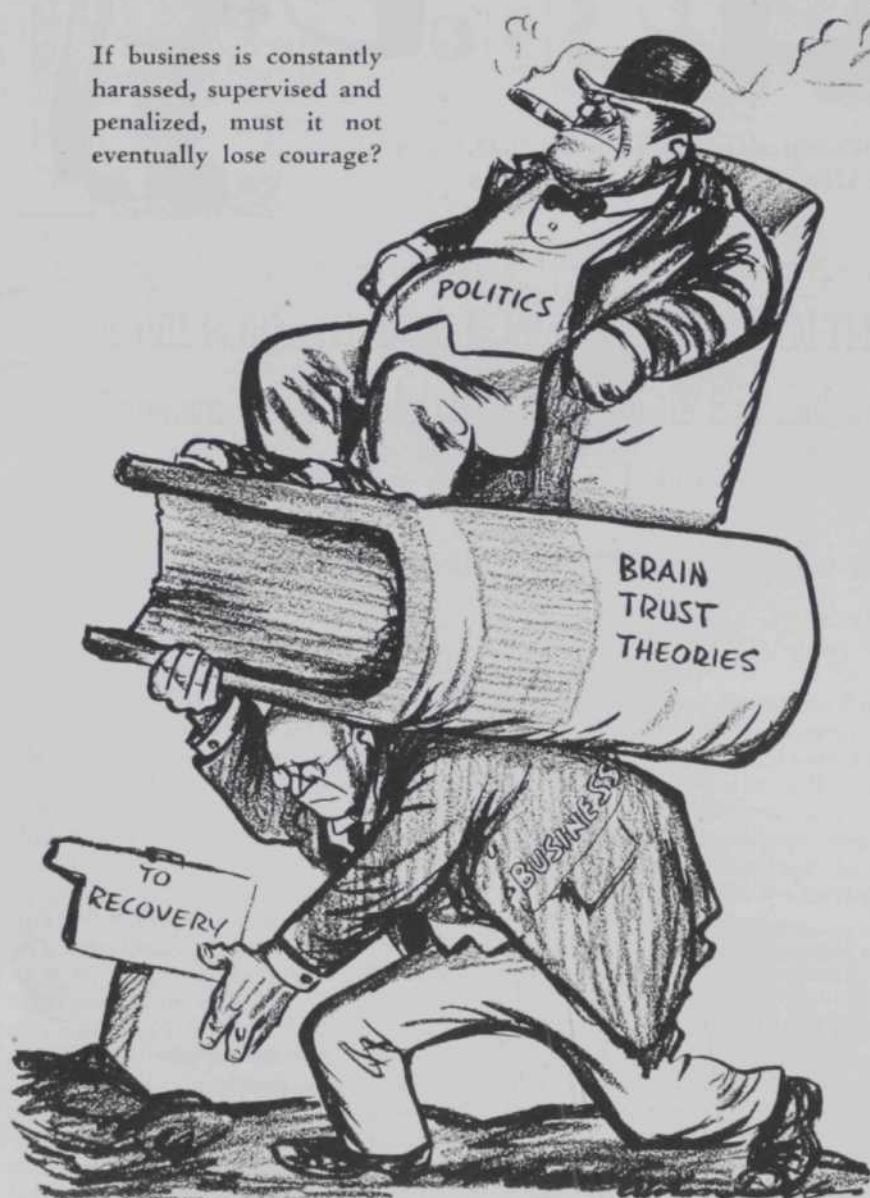
In the same spirit, federal funds are disbursed to all and sundry by master minds that are blithely oblivious of the fatal facility with which human beings can accustom themselves to living at the expense of others. And schemes of "social management" are, in the last analysis, based on the assumption that the man who manages his own business stupidly or dishonestly would be a marvel of wisdom and integrity if he were a bureaucrat—that we have only to suppress private initiative to become a nation of altruistic philosophers worthy of Plato's Republic.

### How have Ph.D.'s managed school?

WE should not permit ourselves to be dazzled by the *Philosophiae Doctor* that the Utopians write after their names. We may legitimately and logically ask whether errors so persistent and fundamental would appear in the thought of men who are, in the full meaning of the word, educated.

When we are invited to discard our  
(Continued on page 113)

If business is constantly harassed, supervised and penalized, must it not eventually lose courage?





# Up From a Dusty Road BY HERBERT COREY

## The Rise of George L. Berry

**I**N NO other country would Maj. George L. Berry be possible. This is not said in derogation either of Major Berry or the country. The success of the one has been tangible and the progress of the other has been consistent in spite of dry spells and crackpots.

His career began when he was a barefoot orphan on a country road. Age seven, no friends, no nickel, no more prospects than a lame rabbit in a coyote country.

At 56 he is the Federal Coordinator for Industrial Cooperation—whatever that is—which honor will be more carefully elucidated later. He is the head and bread-and-butter of the Labor Non-Partisan League, which he hopes to broaden to take in the farmers and grocery boys and make over into a real Labor Party. He is an active coadjutor of John L. Lewis, boss of the United Mine Workers, who has split off his Committee for Industrial Organization—the CIO—from the A. F. of L. Ten big unions back Lewis and he and they are in pro-Roosevelt politics up to their necks.

The suggestion has been often made in print that the Non-Partisan League and the CIO may attempt to take over control of the Democratic party in 1940 and that Lewis is ambitious to become the first Labor President of the United States. He certainly figured largely in the August conference at Washington of the Berry Non-Partisan League. Berry is the president and czar of the Printing Pressmen's Union, which has become

rich under his management. He owns 30,000 acres in Tennessee, a big farm that pays dividends, a quarry, one of the largest label printing plants in the United States, and is a banker.

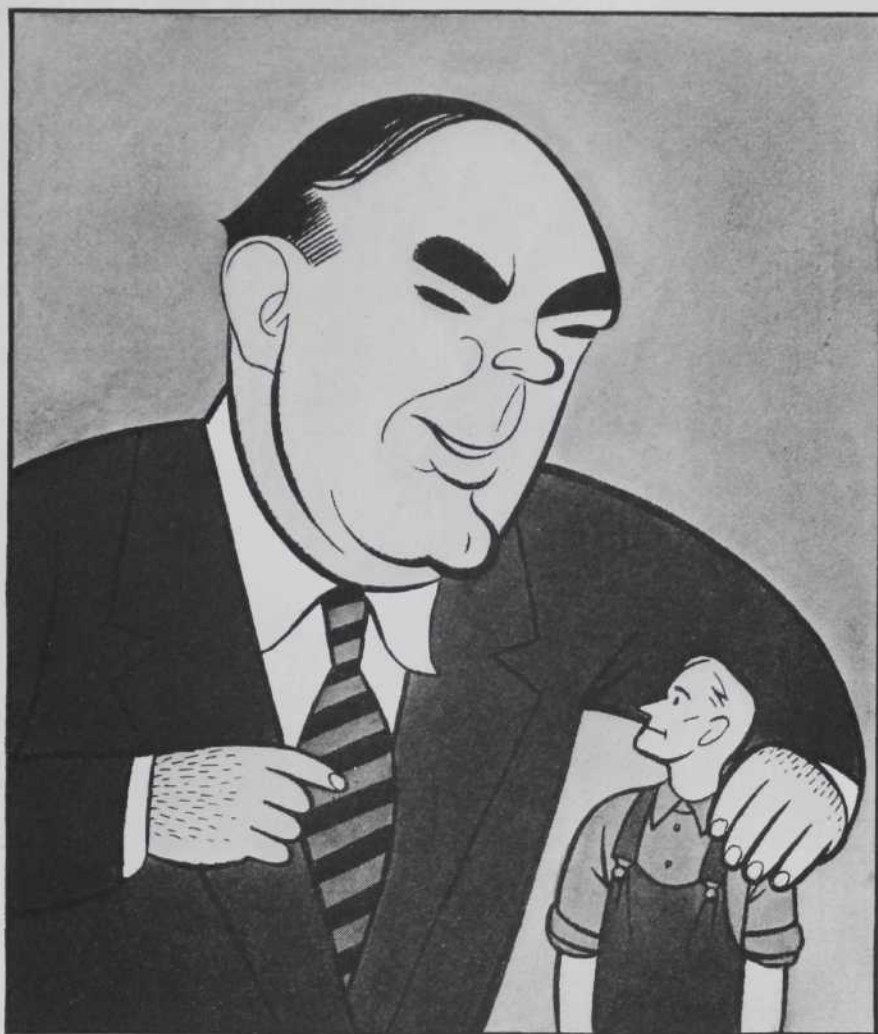
No man attains that much success unless he knows at each moment precisely what he wants, how to get it, and who can be pushed around.

Berry has a square, strong body, and a round Celtic head and a sound jaw. His eyes are direct and friendly. He is the kind of a man one thinks of as a nice fellow rather than as a good fellow. He is not a backslapper or a haw-hawer. If he drinks anything more powerful than a thin beer I never heard of it. I doubt if he ever told a Pullman car story in his life. His voice is soft, very soft—which is a dangerous thing, because the man is a shoulder-hitter when he has to

be and has a temper like a wildcat under a barrel—and he God-blesses with the unction of his Baptist-church-going ancestors in the Tennessee hills. He has a most winning way of putting one hand on each of his interlocutor's shoulders and twinkling with his brown eyes. Unless the other fellow is subject to low suspicions and carping doubts he will like Major Berry.

On the general ground, therefore, that he is a significant figure in the odd political-labor-industrial shadow-dance of the day and that he is a good fellow and that he is supposed to have packed ten million dollars away in the salt barrel, his past and present will be examined.

Two years ago that part of the public which knew of him at all thought of him only as a leader of union labor  
(Continued on page 100)



Two years ago the public knew him only as a labor leader



# Our



EWING GALLOWAY

"PRISON COMPETITION" has long been a battle cry for business men, labor leaders and prison administrators alike. The manufacturer has complained of "government in business," of cutthroat price competition, of the sale of prison-made goods without identification as such.

The labor leader has complained of the loss of work to free labor when convicts are used in productive employment. The prison administrator has protested that prisoners must work, that the prison must earn something to supplement its inadequate appropriation, that enforced idleness is expensive to the state, fatal to discipline and destroys any good qualities the prisoner may have.

The campaign of business, labor and civic groups against the competition of prison labor has brought much restrictive legislation. The Hawes-Cooper and Ashurst-Sumners Acts empower the states to regulate or prohibit the sale of convict-made goods and make it a federal penal offense to transport prison-made goods into a state for sale in violation of the state law. About half

the states have passed supporting legislation which closes their markets to prison products except those sold to the state itself or its agencies or political subdivisions. Even this outlet is frequently restricted.

The use of prison labor is prohibited on federal highway work, on public works authorized by the Act of 1933 and on government contracts subject to the Walsh-Healey Act. Executive orders and rulings of the Comptroller General also prohibit its use on projects under the later relief acts.

The business man has a three-fold interest in this question. He may be directly or indirectly affected by the prison production of goods; he undoubtedly contributes part of the \$200 to \$500 a year that it costs his



From cells like those in the upper picture, 70,000 men emerge each year, either to become decent citizens or to rob and kill



# Prison Competition

BY JAMES P. DAVIS

Executive Director, Prison Industries Reorganization Administration

**BUSINESS** men, labor leaders and prison officials have long discussed this problem. Now an effort is being made to reach a satisfactory solution

state to maintain each convict, not to mention the support of the convict's dependents and victims; and as a citizen he is concerned with a social institution from which emerge each year 70,000 alumni either to work and to live decent lives or to assault, rob and kill him and his neighbors.

The facts regarding prison industry frequently have been concealed and distorted. It will be worth while to examine them briefly.

In the first place, "prison competition" has at least three distinct meanings. The most important from the business point of view is the open-market sale of prison-made goods on a competitive price basis—such as the sale of prison-made shirts or brooms or shoes to retailers at a price sufficiently low to take the business away from commercial manufacturers.

This competition tends to break

down the price level of the industry concerned, as well as to absorb a greater or less proportion of the total volume of production. It has been serious in a few industries only, but is a threat unless made impossible by law or other means.

The second meaning of prison competition is the sale of prison products or services to governmental institutions without price competition but with consequent loss of potential business to outside firms. Though this may be serious to individual firms, it is not nearly so serious from the general business standpoint. It has little or no effect on price and the total volume of such sales is small.

The third meaning is used very loosely. "Prison competition," in this sense, is a vague menace to private



Two types of prison "competition." The broom shop on the left sells only to the Government; the contract garment shop, above, competes with private industry in the open market



industry and to organized labor as a whole. For example, the proposed installation as a work relief project of a small furniture shop of which the entire output was to be used by a single eastern state brought protests to Representatives and Senators from constituents all over the country—people who could have not the remotest interest in the proposed shop.

How is prison labor actually used? The latest general official figures are embodied in the Bureau of Labor Statistics Survey for 1932, Bulletin 595. (Such later figures as are available show astonishing reductions since 1932 in the volume of production for sale in certain of the most competitive industries. This will be discussed later.)

In 1932, this bulletin shows about 145,000 convicts, on the average, in state prisons. Of these, about 46,000

were employed in maintenance activities or other prison duties. Incidentally, the almost universal custom is to assign as many prisoners as possible to each type of work. It is likely that at least half the men assigned to these activities are not actually needed.

The average number of prisoners employed at productive labor was about 77,000; the sick averaged about 6,000 and the idle about 16,000.

#### Prison labor is negligible

THE productive group produced goods and services valued at about \$71,000,000 of which state-use production totalled \$18,000,000; service on public works and ways, \$24,000,000; and production for open market sale, \$29,000,000, which includes about \$1,500,000 of agricultural and

mining products. To this may be added, for completeness, about \$4,000,000 worth of goods and services of federal prisons, all for state use.

Now, the Census of Manufactures gives the total value of manufactured products for 1931 as \$41,000,000,000 and for 1933 as \$31,000,000,000. No totals are available for 1932, but it is safe to say that the value of products manufactured in prisons was only about one-fifth of one per cent of total manufactures.

Although no comprehensive survey of prison production has been made since 1932, it is well known that the Hawes-Cooper and Ashurst-Sumners Acts have greatly reduced prison manufacturing. From questionnaires returned to the NRA by 53 prisons representing about two-thirds of the 1932 prison population engaged in productive labor, it appears that the

total value of products sold by these institutions in 1934 was only about \$16,000,000. When this reduction, and the enormous increase in the value of manufactures generally is considered, the declining ratio of prison goods to the total is even more significant.

Along with the decline in manufacturing has come a great increase in prison idleness.

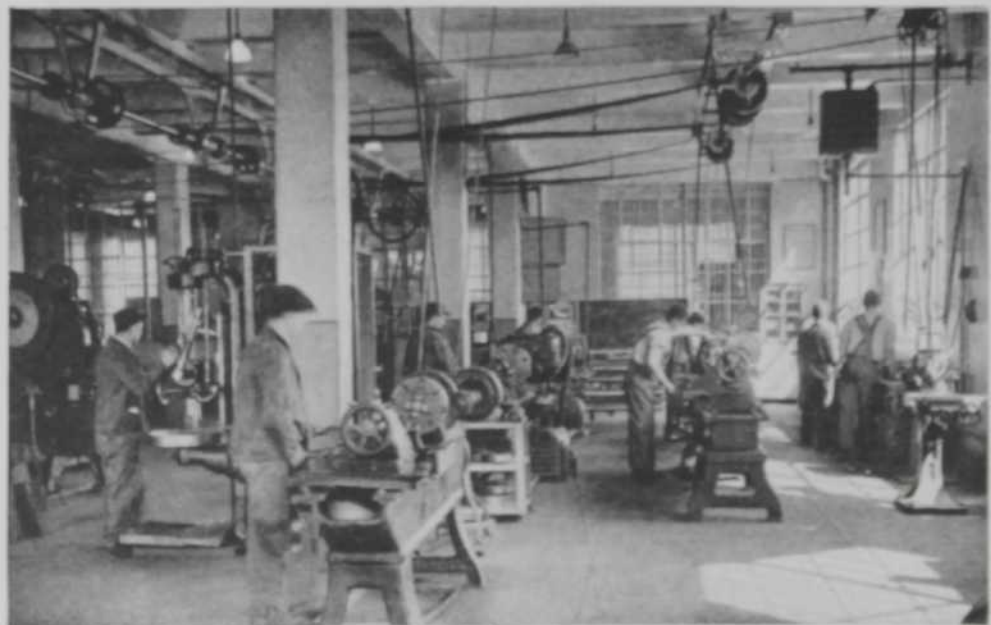
Wardens and commissioners in most states are seeking ways to give the inmates of their institutions any kind of useful employment. In Illinois, Missouri, Kentucky and West Virginia alone, for example, more than 10,000 prisoners have no work whatever except such activities as can be devised for exercise and recreation.

This brings us to the question of the part the Prison Industries Reorganization Administration can play in the situation. Created by the President in September, 1935, it grew out of the NRA controversy over prison-made goods in their relation to the codes. An effort to boycott prison goods by code provisions was countered with the Prison Labor Compact under which prison administrators voluntarily undertook to preserve fair competitive practices in producing and selling on the open market. The Prison Labor Authority, similar to a Code Authority, was set up to

(Continued on page 90)



Two modern plants which are solving the problem of the idle prisoner; both are used chiefly for vocational training; neither sells to the public





# Men Whose Names Make Business News



HARRIS & EWING

## TRAFFIC SCHOOL

James S. Kemper, insurance executive gives \$5000 to Northwestern U. for traffic control school



## MADE IN GERMANY

General Motors appoints Ronald K. Evans vice president. Was manager of German subsidiary



## MILL BUILDER

Republic Steel's Tom Girdler announces new mill with \$1,000,000 equipment for Niles, Ohio



## STEEL FABRICATOR

A. O. Smith Corporation of Milwaukee expands. W. C. Heath made president to direct operations



BLANK & STOLLER, INC.

## KATYDID

Matthew S. Sloan's "Katy" R. R. reports passenger revenue jump in July 57 per cent over July '35



HARRIS & EWING

## FOOTNOTE

Ward Melville reduces shoe prices in 637 Thom McAn stores due to increased volume of trade



MARGARET BOURKE-WHITE

## A NEW FLEET

Jack Frye, T. W. A. chief to spend \$2,500,000 for airplanes. Will increase size of planes 50 per cent



BLANK & STOLLER, INC.

## FOR BIGGER BREAKFASTS

Clarence Francis, president, General Foods, to build two Battle Creek factories for \$2,000,000



## LADIES ONLY

Wm. E. Wheeler brings out new magazine, The New York Woman, exclusively for women readers





"You and your wife come out to the house tomorrow. You're the man I want for the season"

**M**OTHER and I are 60. Our total monthly income is \$60 and—we live like millionaires!

That sounds impossible, perhaps, but it's literally true.

As I write this, I look from the cool terrace over a broad lawn and see rustling palms, two bird baths noisily contested for by sparrows and finches, a wall of brightly colored stone laced with flowering hibiscus and purple Bougainvillea, a rock garden of pink coral and bright with flowers, and a gently lapping plunge-pool of black and white tiles.

Of course we don't own it, but we are the lord and lady of the manor for eight months of the year.

Our house cost \$35,000 and the furnishings are said to be worth a third of that. The house has eight bedrooms and half as many baths so we usually spend a month in each of them. Mother and I are "playing house" again.

Back in the days before the stock market crash took me along with it, I made an adequate living for Mother and the three children. It wasn't a great income but it was more than enough.

The two girls took music and dancing. The boy had a definite talent for wind instruments and now has his own small orchestra. The girls are happily married and we are the grandparents of four fine youngsters.

After the market crash, Mother and I raked through the debris of our financial wreckage and I found but three rays of hope. They seemed feeble rays then.

A number of years before I had taken out two small insurance policies that would pay me \$25 each at age 60. The premiums were paid each quarter-year along with one on a much larger policy. After the crash I discovered that, in two more years, the policies would start paying me a total of \$50 a month for so long as I lived. Another policy, the larger one, I had to drop. But I found that, by leaving the loan value of the policy with the company, I could have extended insurance for a long time.

# Sixty Dollars

TRUE story of a couple who, with a little money and a little ingenuity, found a happiness that only independence could give. Out of their experience they offer some advice which should prove helpful to others

Then I found that another small policy I had nearly forgotten would pay me \$10 a month at maturity, then four years hence. I studied things over carefully with Mother and the children. From the wreck of my fortunes we saved our household furnishings so we decided to dispose of them, make the last payment on the small policy—at a substantial discount—and forget it until I was 60.

For nearly four years we lived with and off the children.

All that time I tried vainly to get work of some kind—my job in a brokerage house also went with falling stocks—but I was too old. I did several small jobs but they didn't last long and those I could have had were selling speculative stock issues I could not bring myself to touch. But in those four years, by pinching every penny, I managed to make the last payments on the two small annuities.

Then came my sixtieth birthday. It was a good omen when the three checks, totaling \$60, arrived in the same mail that very day. We celebrated!

Mother and I had made our plans, and, at the birthday party, I announced them.

We were going to Florida to live!

## Choosing a warmer climate

WE chose Florida for several reasons. The first was that there need be no heavy expenditure for clothes the year round. Inexpensive wash suits might be had that would last a long time. Only light topcoats would be needed. In fact, we had enough of everything to last for several years. It would be smart economics to live in a warmer climate.

The children, bless them, understood. They knew we would be happier by ourselves, that our self-respect would be intact.

We got off the train in Miami with a little less than \$100 in our pockets. It was late in February and the warm sun made us feel like kids again. As we didn't know our way around, we checked our hand luggage at the station and took a cab to the city. We wanted to look things



# a Month at Sixty . . .

As told to RICHARD L. HOBART

over first for we had to husband our funds carefully.

Late that afternoon we found a room in a small hotel. It wasn't a very desirable spot, but we wanted to be centrally located while searching for a better location.

As unattractive as our room was, we found there would be but little left after we had paid for it each month. But I had hopes of finding work of some kind. I soon discovered, however, that thousands of others had the same idea. I received no encouragement at all.

The second week in Miami, Mother found a room in a hotel on the outskirts of town for \$40 a month. That would leave us \$20 to buy food and the hundred and one little necessities one must have to retain some semblance

allowed for a few luxuries. At the end of the month each of the children sent us money. We knew, though, that it meant they were doing without some little thing they wanted. We sent the money back.

Mother and I had plenty of magazines to read as well as books from the circulating library. We were getting along.

Then, in the middle of April, came the first disappointment. My friend had expected to stay open all year but the summer visitors did not come in expected numbers. On top of that he was asked to spend the summer with a son in Iowa.

He was closing up the shop until November. That



ILLUSTRATIONS BY EARLE B. WINSLOW

From the terrace I can see rustling palms, the bird baths, a rock garden and a plunge

of respectability. Of course it was not enough. I have always been a great reader of magazines and, in browsing about one of the smaller stands, I struck up a friendship with the proprietor. He was elderly too, well read, and an interesting companion.

He was not making much over a living, but managed to save something each month. We struck up a bargain. As a result I came to help him at about 11:30 each morning and worked through his supper hour. It was a seven day job but it gave me something to do and paid me \$7 a week.

That, along with our \$60, made us comfortable and

meant no work for another six months. I was worried, for my limited financial background made it impossible for me to assume the lease and the other necessary obligations of keeping the stand open.

"Listen," my friend said to me one day, "why don't you act as caretaker for one of the estates out Miami Beach way? They close 'em up for the summer, you know, and it'd be cheaper for them to have somebody live there and look after things. They would save plenty on insurance alone."

It was a real inspiration.

I wrote a classified advertisement for the morning



*Herald* that read something like this:

#### REPUTABLE CARETAKER AVAILABLE

Elderly man and wife, over sixty, wish to watch over house or small estate until next season for free rent. Best of references available. Why not know your property is in safe hands? Save money on insurance too. Apply to Mr. ...., % ..... News and Magazine Stand, or phone .....

The paper hadn't been on the street two hours that morning until the telephone rang and a gentleman asked for me.

#### A job as caretaker

"THIS is Peter J. ....," a deep voice said. "My home is out on Apache Drive, Miami Beach. I saw your ad. If you're going to be around your place I'd like to see you. Maybe we can get together."

I thanked him and hung up.

An hour later Peter J.—I'll call him Mr. Jones—dropped by to talk to me. He was from Detroit, in the automobile accessory business, and was leaving for home the next day. He usually boarded up his place for the summer and paid a watchman \$50 a month to look after it.

We liked each other from the beginning.

"What gave you this idea?" he asked me.

I told him how the newsstand was closing, about my income, about the children. I could see he was interested.

"You seem to be pretty happy," he grinned at me.

"Never happier in my life," I told him.

"Tell you what we'll do," he said. "You and your wife come on out to the house tomorrow. Bring all your stuff. I've decided you're what I want for the season. It'll save me money and will give you a place to live that'll be far nicer than a hotel."

"But," I protested, "you know nothing about me. You might return and find all your furnishings gone, I might—"

His laugh was hearty.

"I'm a pretty good judge of folks," he said. "You'll do. Any one with your outlook on life, who's so eager to be self-supporting, must be sincere. Here's something else:

"I've been paying a watchman \$50 a month to look after the place. That's all he does. When I get back here the next winter the yard needs repairing, the shrubbery is usually on its last legs, and the whole place needs an expensive overhaul. A place won't deteriorate nearly as fast when folks live in it. You live in the house like it was your own. I'll pay you—"

I held up my hand. "You mustn't do that, Mr. Jones. The whole idea of my plan

is to save *you* money. I have my income, you know."

"All right, if you think of it like that. But here's what I will do. I want the place kept in apple-pie order. I want you to hire a man to cut the grass each week, water it daily, keep the shrubbery in shape. Of course, if you'd like to do that yourself I'll pay a standard wage for your work. But I want it done each week! I'll also pay your utility bills. It takes a lot of water to keep things fresh

and it wouldn't be fair to make you pay that. Each month you send me the bills, along with the amount needed to pay for the grass and shrubbery, and I'll send a check. Is it a deal?"

I nodded. We shook hands and Mr. Jones walked across the street to a big car. In the front seat was an elderly lady, apparently his wife.

The next morning we checked out of the hotel and, feeling expansive, I hired a taxicab. We drove into Mr. Jones' estate 15 minutes later. Mr. Jones himself met us. I paid off the driver and we sat together on the cool terrace.

Mrs. Jones came out to greet us. She was the woman I had seen in the car the day before. Mr. Jones laughed heartily.

"I parked Alice across the street to advise me," he said. "She thinks you and your wife will be just the ones to watch things for us."

An hour later they were on their way north again and Mother and I were the king and queen of his estate. It was hard, at first, getting accustomed to everything. We "explored" the first thing.

We had the run of the house, of course, but it was in the pantry we received our first surprise. On the white, built-in kitchen cabinet was a sheet of paper addressed to me. Mother and I read:

There are a number of cans of food in the pantry and it is our wish you use all of them. There's some other things in the refrigerator you'd better eat before they spoil. Best luck.  
Jones

Like a couple of kids, we ran to the refrigerator first. There was enough there to last a week including nearly a whole ham and several dozen eggs. But the pantry was the real surprise. It was almost a small grocery store with several dozen cans of expensive meats, vegetables by the case, flour, meal, sugar and condiments. Literally enough to last us many weeks.

"He would have his little joke," I told Mother, and both of us had lumps in our throats.

#### Well furnished

IT TOOK us a week to get around the estate and see everything. The first floor was elaborately furnished, but the upper floor was more in summer house style. There was a well stocked library. We were really enjoying life!

We found out, six weeks later and after our supplies had run low, that it cost us approximately five dollars a week for food.

By inquiry I had found that the ordinary charge for taking care of the large lawn with its several hedges, rock gardens, and shrubs would be approximately \$6 a week. I mentally divided the whole yard into six parts. Then I got up early each morning and finished one of

the parts. It wasn't hard work at all. It really was good for me.

In October, Mr. Jones wrote that he and his family would come to Miami the first of December. I worked hard to get everything ready as the newsstand opened again in November and I put in my half-day there also—with a salary increase to ten dollars a week.

(Continued on page 83)



Like a couple of kids, we ran to the refrigerator first. There was enough food for a week



# The Indian Summer of a Happy Life together



TIME to travel and money to enjoy the leisure that they could not have when they were busy bringing up a family. Two sons have graduated from college. Their daughter is happily married. And now the future is their own to use as they will, because, through Life Insurance, they planned it that way.

If you are one of the millions of men who wish to have security and freedom from worry, find out how to build a Program of Life Insurance. Life Insurance will provide money to pay current bills, to give your wife a monthly income for a definite period and to educate the children—should your family be left without you. And, if you live to retirement age, your Life Insurance Program will provide an income for life.

Would you like to make the years safe for your family and the future safe for yourself, as well? A Field-Man will be glad to give you the details about Program building. Tele-

phone your nearest Metropolitan office and ask him to call—or mail the coupon.

*The Metropolitan issues life insurance in the usual standard forms, individual and group, in large and small amounts. It also issues annuities and accident and health policies.*

*The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.*

Metropolitan Life Insurance Company  
1 Madison Ave., New York, N. Y.

I shall be glad to find out more about building a Program of Life Insurance which will take care of my family's future needs and my own.

NAME

ADDRESS

CITY  STATE

106-N.



## METROPOLITAN LIFE INSURANCE COMPANY

FREDERICK H. ECKER  
Chairman of the Board

ONE MADISON AVENUE, NEW YORK, N. Y.

© 1936 M. L. I. CO.

LEROY A. LINCOLN  
President



# I Almost Went on Relief

BY ROSS HEMMING

As told to John Angus Haig

STORY of a man who believed that anything would be better than accepting a dole—and proved it

FOR 16 years I was employed as a mechanic in the shops of a large western bus line. Came the business low point in March, 1933, and I was out of a job. For several weeks I trudged the streets of Los Angeles, only to be told, "Sorry, old man. We're not hiring any one now."

Finally my situation became desperate. Apparently I had a choice of only two courses. One was to go on relief. The other was to find some way of working out my own economic salvation.

One day I actually started for the office of the relief administration. Yet I hesitated. Stalling for time, I sauntered into Pershing Square and sat on a bench. Some one had left a copy of the magazine section of the *Los Angeles Times*. My eye fell on an article entitled "Beating the Wolf With a Gold Pan." It told how hundreds of jobless men had taken to the western mountain streams to eke out a living panning gold.

I read the article twice. Then I went home, gathered up the few trinkets I still owned and took them to a pawn shop. With the money I borrowed I bought a camping outfit, a grubstake and some simple mining tools. A few days later I was one of several hundred jobless gold panners along a white-water mountain stream in the Angeles National Forest.

The first day my spirits soared. In my treasure bottle I had a pinch of yellow dust that some of the more experienced men told me was worth about \$1.20. It seemed like pretty poor wages but I reasoned that if I could earn \$1.20 the first day, it should be possible to earn more with a little experience.

Of course, it was apparent that the amount of gold in the stream was almost infinitesimal compared with the volume of sand. I'd washed bushels of sand recovering \$1.20 worth of gold. That set me to thinking.

As a mechanic, my thinking has always been largely in terms of machinery. So I began to



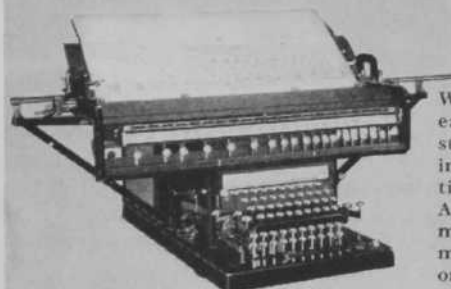
PHOTO BY HAIG

The partners working the Depression Buster. Hemming is on the left. Below, a handful of pure gold, the largest nugget worth \$8





# Burroughs



## BURROUGHS TYPEWRITER ACCOUNTING MACHINE

Writes check (or pay envelope), earnings record, employee's statement and payroll summary in one operation. Column selection automatically controlled. All totals accumulated. This machine is only one of several models; payroll work is only one of the many jobs they do.

**SIMPLIFIES  
PAYROLL ACCOUNTING**  
*and gives you the additional  
information required by the*  
**SOCIAL SECURITY  
ACT**



## BURROUGHS DESK BOOKKEEPING MACHINE

Posts earnings records, automatically prints dates in proper columns, automatically subtracts deductions—calculates net pay. Can also be used as a fast, practical adding-subtracting machine for all kinds of accounting work. Many styles and many models—all low in price.

## BURROUGHS CHECK-WRITING TYPEWRITER

Writes payroll checks in units or in strips. Payroll summary completed in same operation. Fast and easy insertion and removal of checks. Can also be used as a typewriter for correspondence and general typing. Electric carriage operation. Several models.

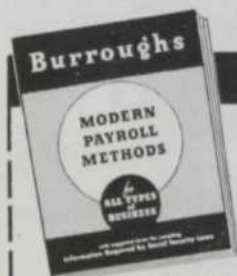


**B**URROUGHS offers many new and improved machines which not only supply the additional payroll information required by the Social Security Act, but also handle the entire payroll job with exceptional speed, ease and economy. It will pay you to investigate these new machines. Telephone the local Burroughs office, or send for the new payroll folder described in the coupon below.



## BURROUGHS AUTOMATIC PAYROLL MACHINE

Writes check (or pay envelope), employee's earnings statement, earnings record and payroll summary in one operation. Accumulates all necessary totals, automatically ejects and stacks checks in order. Many models for payroll work, as well as for scores of other accounting jobs.



## SEND FOR THIS NEW PAYROLL FOLDER!

BURROUGHS ADDING MACHINE COMPANY, 6120 SECOND BLVD., DETROIT, MICH.

Send me the new folder "Modern Payroll Methods," illustrating complete payroll accounting methods, with typical forms for maintaining the information required by the Social Security Act. The forms show representative entries and suitable column headings.

Name \_\_\_\_\_

Address \_\_\_\_\_



consider mechanical devices that would wash the gold from the sand. I reasoned, too, that it might be possible to find a place in the stream where the gold content of the sand would be higher.

The second day I did a little prospecting up the stream and found a sand pit over a bedrock formation at the foot of a rapid where the yellow particles seemed to be more numerous than in the place I had worked the first day. I worked this pit for about three weeks. The first day's work netted me \$2. The second day \$3. After that, no matter how hard I worked, my earnings seemed to be fixed at between \$2 and \$3 a day; pretty small for a skilled mechanic.

### Better than the dole

NEVERTHELESS, I was happy. I was keeping my family off the dole and I knew I could do it indefinitely. After my twenty-first day in the mountains I even began to visualize myself as a prosperous gold mine operator. That day I had panned out \$3.50 in fine gold. Then, to top it off, I fished out a nugget that brought me \$7.

I was also convinced that outdoor life, fresh air and sunshine agreed with me. I was bronzed by the sun and wind. I had gained about ten pounds. I was eating bread by the loaf and buying my beans by the 50-pound sack. I was sleeping as I had never slept before. I had also experienced a tremendous mental relaxation, and was even beginning to save a little money for the construction of some mining machinery I had already built on paper. Anybody could see that the crudest kind of a sluice box would do the work of several men with pans.

So, after about eight weeks, I went down out of the mountains. A few days later I was back with a couple of sluice boxes I had built involving several mechanical features new to placer mining.

These boxes did not entirely eliminate the necessity for using a gold pan but they helped tremendously in separating the gold from the sand. With these boxes I'd spend most of the day shovelling in sand. Late in the afternoon I would clean out the sluices and pan the material trapped behind the baffles. This would be mostly

iron sand with a little gold—and practically all this metallic sand would be sticking to 200 old telephone magnets rigged above the baffles. I could recover the gold with a minimum of panning, removing the last traces of iron sand with a little work with a five-pound magnet I had made for the purpose. My earnings jumped and I began saving money to build a simple gold dredging machine and some better sluices for which I had already made the mechanical drawings.

Six months after I took to the hills I was back in Los Angeles for two weeks of shop work. For \$50 I bought and reconditioned an old truck. On the chassis I mounted a four-cylinder motor—salvaged from a junk yard. This motor was hooked up to a centrifugal irrigation pump capable of handling 10,000 gallons of water and sand an hour through 20 feet of suction hose and any desired length of outlet pipe. I also built 62 feet of new sluices with 1,200 old telephone magnets—all I could find in the telephone company's Los Angeles salvage store.

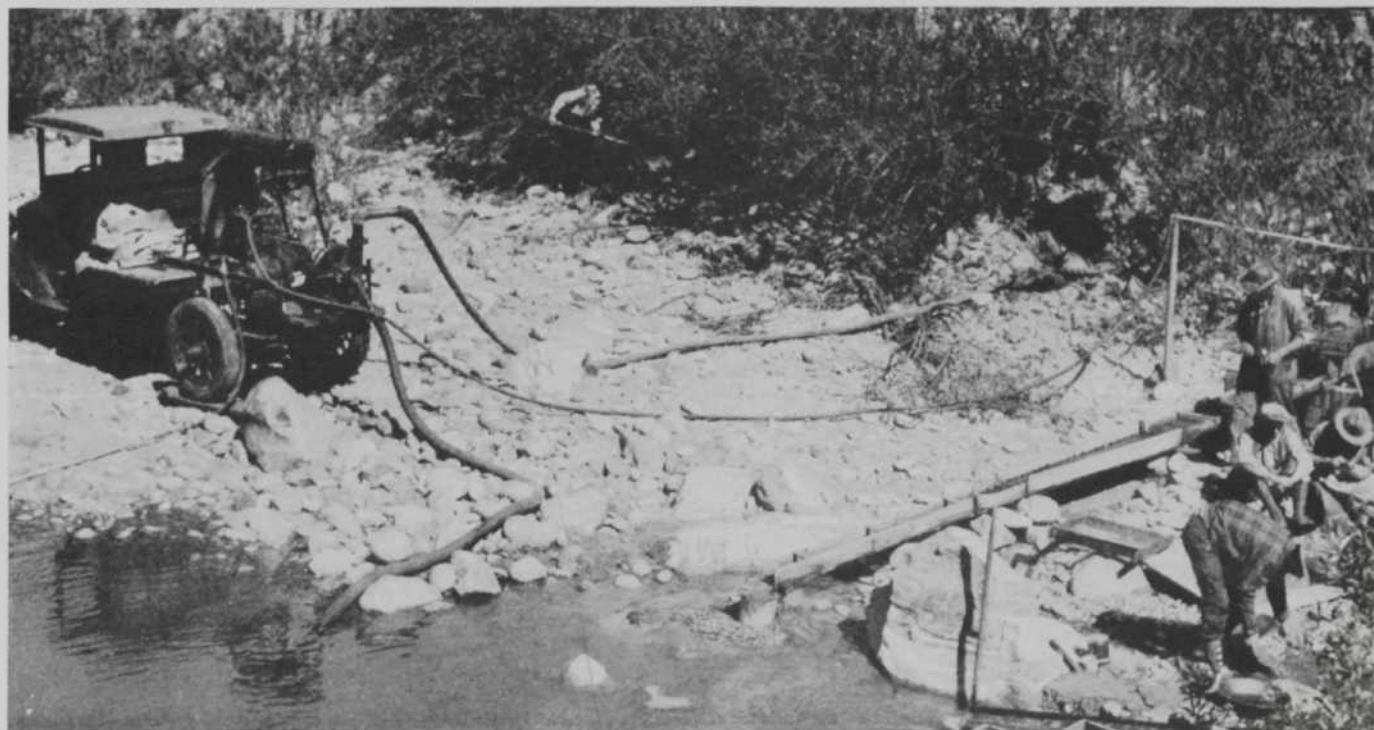
The entire assembly cost about \$175 plus two weeks of my own labor. But it was a good investment.

It put sand through the sluices at a rate that would keep two men busy panning the clean-up from the sluices. I had to hire a man to help me run the outfit—a jobless gold panner who nearly dropped dead when I offered him a steady job at \$5 a day. Nevertheless, he was making money for me. The machine paid for itself in a few days and continued to pay thereafter. Soon I had a comfortable nest egg in the bank.

Having solved the most important phases of my own economic problems, I began to plan staking out a claim in the best gold-bearing area I could find and developing a full-fledged mining enterprise.

The greatest obstacle to this plan was my almost complete ignorance of geology, mining methods and the federal and state laws regulating prospectors, miners and the metallurgical industries. However, I knew that most of this information could be found in books. I went to the Los Angeles public library, borrowed a whole shelf of books, and spent several weeks studying them.

What I read convinced me that my gold-dredging and  
(Continued on page 122)



An old truck, a motor from a junk yard, an irrigation pump and a new idea produced this outfit which was the first step toward real prosperity after months of poverty



# "I HAUL DYNAMITE"



## —"YET I'M ALWAYS SAFE ON SILVERTOWNS,"

says A. D. PROSPERO

"I haul 3- to 6-ton loads of dynamite and black powder. We travel all kinds of roads in all kinds of weather, but I'm always safe on Silvertowns."

That's A. D. Prospero of Masontown, W. Va. speaking. His two trucks haul dangerous explosives used in mines, quarries and road-building. Night and day they thread their way over rocky, winding mountain roads. Down steep hills. Round hairpin curves. With a load capable of blowing an army to bits!

There's a real job for truck tires. One where they just can't have tire failures. Goodrich Triple Protected

Silvertowns averaged 48,000 miles on the truck pictured here!

There's a good reason for this amazing performance. Goodrich Silvertowns are specially built to stand up on the world's toughest hauling jobs. They are Triple Protected in the sidewall—fortified right at the point where 80% of all premature failures occur. This extra protection means extra miles—freedom from dollar-stealing sidewall breaks.

### Triple Protection Free

The tires that set mileage records on hazardous hauls in the West Virginia mountains will do a better job on your trucks, too. You

pay no premium for Silvertowns. Triple Protection makes tires more expensive to build but it costs you nothing extra.



See any Goodrich dealer or write The B. F. Goodrich Company, Akron, Ohio.

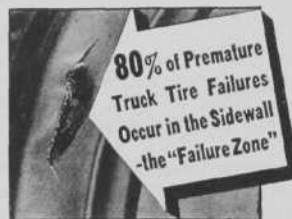
### HOW TRIPLE PROTECTION WORKS

**1 PLYFLEX**—distributes stresses throughout the tire—prevents ply separation—checks local weakness.

**2 PLY-LOCK**—protects the tire from breaks caused by short

plies tearing loose above the bead.

**3 100% FULL-FLOATING CORD**—eliminates cross cords from all plies—reduces heat in the tire 12%.



# Goodrich *Triple Protected* Silvertowns

SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES



# No Business Can Escape CHANGE

Change takes no vacation. New products are ever stepping on the heels of the old

**1 • THE COAL** cook stove is modernized by a radically different model which is thermostatically controlled to save fuel and cook with even temperature. It is ready for cooking at any time but insulation keeps the kitchen heat down. . . .

**2 • COPPER** sheets are sealed in asphaltic material for termite proofing, weather resistance, and air-tight seals. The sheet remains flexible under varying temperatures and tends to heal punctures made in it. . . .

**3 • A NEW** adhesive holds a wide variety of products from felt and paper to glass and marble. Non-inflammable, containing no acids or solvents, it is said to hold longer. . . .

**4 • RUBBER** is now vulcanized direct to metal by a new simplified process to form flexible rubber-metal couplings, non-skid wheels, power pulleys, rolls, and other items. . . .

**5 • A NOVEL** tube for tooth paste, shaving cream and the like has no cap. A new type rubber valve saves time and trouble as well as lost caps. . . .

**6 • A NEW** rubber bottle for either hot or ice packs has a simple non-leaking closure, no stopper or cap to lose. Its opening is wide enough for sizable ice cubes. . . .

**7 • A STEERING** wheel has spring spokes arranged to take the road shock out of driving. The wheel is fitted with a cushioned rubber tire which may be obtained separately for other steering wheels. . . .

**8 • A MAGNIFYING** lens held at the right distance for best vision and with a light bulb built in makes examination of small objects—fingerprints, signatures, etc.—quick and easy. . . .

**9 • A SMALL** electric oven fits into two feet of shelf space, yet cooks for six to ten people. It's thermostatically controlled over a wide heat range and heavily insulated to conserve heat. . . .

**10 • A NAIL** for metal sheets has a lead head which forms a water seal preventing leaks as well as protecting the head of the nail itself from rusting. The lead cap is specially shaped to prevent its splitting when the nail is driven in. . . .

**11 • A NEW** horn produces a non-synchronous trumpet blast that will penetrate shop noises. It's designed for code calls in industrial plants and other noisy places. . . .

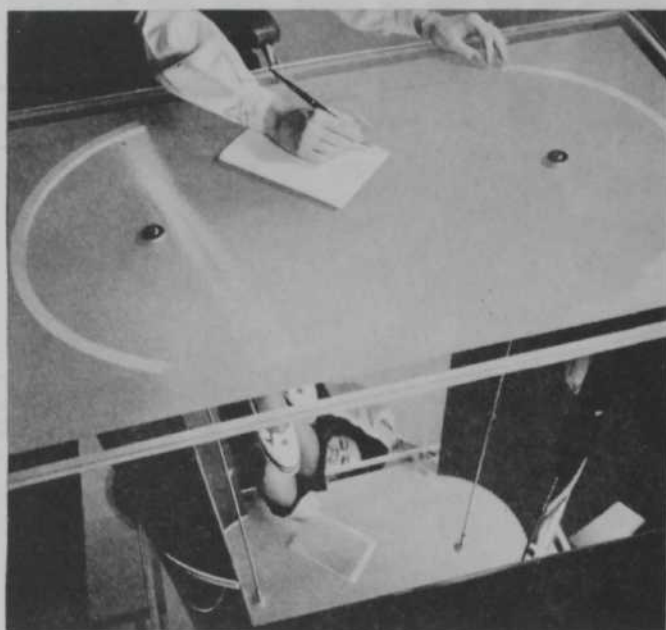
**12 • AN IMPROVED** governor for passenger cars is adjustable from 35 to 55 miles an hour. The owner may with a key unlock and put it out of operation without leaving the driver's seat. . . .

**13 • PHOTOGRAPHS** may be printed directly on such surfaces as rubber, fabrics, leather, it is claimed, by a new process. The results are permanent, washable. . . .

**14 • A NEW** type of flat bearings with grease reservoirs is claimed to eliminate squeaks in automobile springs. It goes between spring leaves, won't fall out. Continued oiling is not necessary. . . .

**15 • ELECTRICAL** connections are made neatly and quickly without tape or solder by plastic tubes with a brass core that holds the wire ends. . . .

**16 • PRINTERS'** plates are now made of an oil-proof,



**26 • A NEW** desk has a sand-blasted tempered glass top, legs of curved black glass, and a mirrored base that gives surprising effects. . . .

moisture-proof synthetic rubber. Long wear, saving in make-ready time, and use of less ink are claimed. . . .

**17 • AIR-CONDITIONED** ambulances may now be had. They should prove welcome for long trips, crucial cases, and invalids. . . .

**18 • A NEW** brazing alloy designed to replace expensive silver solders has high electrical conductivity, high ductility, and is self-fluxing for most applications. Will make gas tight joints. Brazed joints may be electroplated or tinned. . . .

**19 • A NEW** file fastener snaps open or locks shut. It covers the binding prongs with no waste of time. . . .

**20 • A NEW** cutting alloy is said to make possible faster cutting of cast iron and other metals. It works efficiently at high temperatures. Cheap enough to make small tools, yet a tip can easily be brazed to steel shanks. . . .

**21 • A NEW** type nozzle for fire-fighting equipment adds air and a small amount of foaming solution to make smothering foam from water. . . .

**22 • A FARE** box of new type for the transit industry or similar uses takes coins, tokens, tickets and counts the passengers. It has pick-proof locks and other refinements. . . .

**23 • A STEAMFITTERS'** vise of new design has both straight and curved pipe-grip sections in the jaws. The back jaw only moves, thus letting the ends of pipes rest on the bench. . . .

**24 • A NEW** 75-watt Mazda lamp for toy movie projectors gives brighter screen illumination and at a smaller price. . . .

**25 • AN EASILY** portable radio receiver is now made for train or bus rides, athletic events, and the like. . . .

—WILLARD L. HAMMER

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.



**CUTLER-HAMMER****MOTOR CONTROL****C-H**

# GUIDE TO

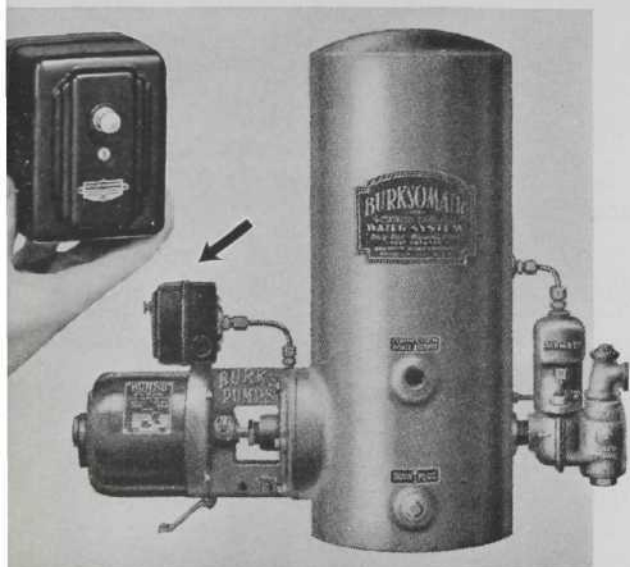
# RELIABILITY

huge High Power Precision Boring and Milling Machine features Cutler-Hammer Motor Control.

Some idea of the size of this machine and the manner in which modern designs incorporate modern Motor Control may be gained from view below of one of these units being erected in an eastern factory.



The control system of this machine is so interlocked that the operator cannot cause the machine to perform any function that would result in its own damage.



● America makes electric motors do the work of the nation . . . everything from carrying water for the farm kitchen to doing seemingly impossible things on giant machines in huge factories. On this page are illustrated both ends of this span of service. Between them are thousands of other uses for electric power where dependable operation is just as vital.

It is worth remembering that there is one unfailing guide to reliable performance in any motor driven machine . . . the kind of Motor Control its builder deems worthy of his product. It is no coincidence that the builders of the most successful machines of any type proudly point out the Cutler-Hammer insignia on their Motor Control units. CUTLER-HAMMER, Inc., *Pioneer Manufacturers of Electric Control Apparatus*, 1251 St. Paul Avenue, Milwaukee, Wis.

This domestic water supply unit features Cutler-Hammer Motor Control. The entire C-H Control Unit (which starts and stops the pump automatically according to pressure limits and protects the motor against overloads) barely fills the palm of your hand.

# CUTLER-HAMMER MOTOR CONTROL

**STARTS ★ STOPS****REGULATES ★ PROTECTS**



# Washington and Your Business

BY IRA E. BENNETT

Editor 1909-1934

"The Washington Post"

**Dear Mac:** You said a mouthful when you suggested that the Government would do well to play the role of good neighbor in dealing with the country's business. I wish I could report signs of neighborliness.

Just now everything revolves around the pivotal date—November 3. Except for activity in the agencies dealing with the drought, you can sense a general hesitation and suspense throughout the government organizations. People inside the agencies seem to be just as much in the dark as outsiders regarding the program.

In trying to learn how Washington affects your business let us consider what the situation may be if the New Deal wins, and what it may be if it loses. We're not favored with information concerning all future New Deal plans, but we know some of them. We know fairly well what will happen if the New Deal should be defeated. Everything simmers down to this: There will be increased spending for new programs if the New Deal should win—new programs, new agencies, new experiments, new taxes to pay for it all. If the New Deal should lose, there would be an abrupt change in one respect—the great plans, whatever they are, would be scrapped.

## Flood and Drought Plans

WHATEVER the outcome on November 3, heavy spending for relief in the drought regions must continue. This means that next year's appropriation for relief will be extra large.

The number of unemployed is as large as ever. They must be cared for until industry absorbs them. If there is no change in the attitude of the Government toward industry, the absorption of workers will be slow.

You have heard hints that federal overlordship must be extended over industry and agriculture without regard to state lines. If this is coming, of course industrial absorption of the unemployed will be out of the question. Instead of absorbing anybody, industry itself will be absorbed. You and other business men and farmers will be virtually government clerks.

In the meantime, business men who still have to pay taxes are wondering just how big this flood and drought-control program is to be. What they're afraid of is a tremendous pork barrel—a hogshead that will make the old river and harbor pork barrel look like a little gold keg on a watch-chain.

The flood-control law enacted last June paves the way. The drought adds incentive. All that is needed is to add "and protection against drought" to this flood-control law—lakes, ponds, dams, storage reservoirs, canals, "retardation works," erosion-prevention works, and power plants would be in order. Every congressional district—all 435 of 'em—will discover that it's time to stop fighting nature and to cooperate with her by putting in these improvements. Can't you see the logs in Congress roll?

The flood-control law authorizes penstocks in dams

that are deemed suitable for power development. Here's the real death-sentence of private power operation, if Congress follows up the Act by financing the projects authorized. You will come into the picture, Mac, when Congress springs this:

"Yes, Congress can finance the dams, but who will finance Congress?"

## Tenant and Slum Relief

TWO other important projects for financing federal relief are looming up. Whether they will tap your pocketbook later on or remain in the blueprint stage depends upon the

verdict of November 3.

One of them establishes a revolving fund with which to sell farms and equipment to penniless share-croppers and other farm tenants, on long terms and easy interest. As the farmers pay their debt to the government the fund will revolve.

The other establishes a revolving fund with which to build modern houses for tenants who can't afford to pay rent in privately owned houses. The idea is that Uncle Sam can build and rent houses more cheaply than individuals can, and at the same time do away with "disease-breeding" and "crime-breeding" slums. The rent paid by these tenants will go back into the fund and it will keep on revolving to build more houses to do away with more slums.

The farm tenant revolving fund is to start with \$2,000,000 of federal money, and the slum-tenant fund is to start with \$800,000,000 of federal money.

These bills would have had a good chance to pass at the last session but for the unexpected tax bill. It was found necessary to raise revenue to finance the bonus and the soil-erosion fund, which is of the dissolving and not the revolving type.

You have noticed, Mac, that "there's to be no new tax bill next session." That's the great opportunity for passing the two bills that were pushed aside. With no tax bill to hog the right-of-way, the chances of passing these bills are greatly improved. Tax bills to finance them can come later—any old time.

## Crop Insurance

DROUGHT emergency delayed long-distance planning in the Agriculture Department's long-distance planning division, which was at work on Secretary Wallace's ever-normal granary idea. Others jumped in and suggested crop insurance. Now, from all I can learn, there's a disposition to jam these ideas into one, somehow. Possibly stored-up surplus products will enable farmers to pay premiums on insurance as well as keep the country going in lean years.

Experts tell me that a system of insurance on American crops would be the biggest system ever conceived. But then if the Government can make a success of the hydroelectric power business, and the real estate business, why not the insurance business?

## Labor

LABOR is in politics and politics is in labor. Even leaders don't throw much light on what you want to know—that is, if strikes are to break out. The gossip is more about politics than strikes. Labor politics is a mys-



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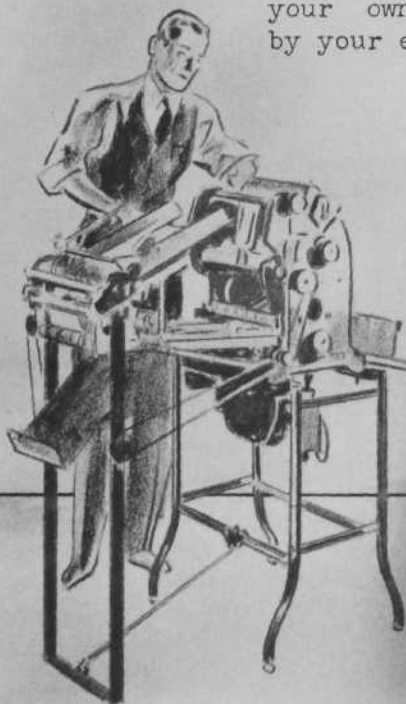
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terious thing in itself, but if you could get at the income of the unions you might begin to suspect the quarrels of leaders aren't wholly inspired by altruism.

The United Mine Workers not only put up a handsome campaign contribution for a presidential candidate before it knew who the other candidate would be, but it insisted upon raising John L. Lewis' salary to \$25,000 a year, which he did thrice refuse. Was that ambition? His cynical critics say yes, it was. His followers stick to the theory of altruism.

Opinion is divided as to whether craft-union antagonism to Lewis will induce craft men to block the attempt to throw the entire organized labor vote to Roosevelt. Old politicians say that organized labor never voted as a unit.

One keen observer said: "Watch the vote of unorganized labor—the 40,000,000 workers who have been employed through the depression and who now fear the New Deal will destroy industry and knock them out of their jobs."

## La Follette's Quiz

APPARENTLY the use of dragnet methods queered the La Follette quiz into the alleged spy system in industry. Witnesses run risk of punishment if they refuse to respond to a subpoena by a committee of Congress, but they are not necessarily punishable for refusing to answer questions—it depends upon the question. Committees have wide latitude if their questions are genuinely aimed to develop information needed for legislation, but they haven't power to drag forth all of a man's papers in the hope of getting something on him. The courts made this plain when they enjoined the Western Union against delivering all of Silas H. Strawn's telegrams to the Black lobby committee. Even an investigation committee lacks uncontrollable power. The Bill of Rights stands in the way of unreasonable search and seizure.

Congress at the last session passed an act making it a felony to transport or procure transportation across state lines of any person hired to interfere with "peaceful" picketing during a dispute over wages, hours, or working conditions, or the organizing of workers for collective bargaining. This anti-strikebreaker law will aid organizers of strikes and unionization of workers.

With all the talk of strikes, the fact remains that the "good neighbor" rule prevails in the vast majority of industries. Employer and employee get along amicably. One exception is the shipping situation on the Pacific Coast. Communist agitators led by Harry Bridges, non-naturalized Australian, have worked up marine workers to the point of striking to enforce demands which ship operators say are unreasonable.

## Railroads Making Good

ONE bright spot is the increasing prosperity of well managed railroads. Their net operating income runs up to 100 per cent more than comparable periods of last year. Economy did it—economy and efficiency, aided by general business betterment. Railroads were on the vivisection table for a while, to give coordinators a chance to show rail managers how little they knew about their business. But the managers gamely fought all sorts of discouraging factors, improved their trains, speeded up, and now are gaining popular support. The government coordination experiment has been abandoned.

## Government Bookkeeping

WHETHER or not the Administration's way with the budget is explainable as a campaign contribution, the conclusions invite questioning of the Government's bookkeeping methods. The deficit, the people are told, will be less than \$1,000,000,000 at the end of the current fiscal

year, compared with more than \$4,000,000,000 this year and an amount almost as large the previous year. In addition, the President indicates that a further appropriation not exceeding \$500,000,000 may be necessary to cover relief expenditures during the current year. Should the full amount be obtained from Congress, the deficit would be increased about \$1,500,000,000.

Folks around Washington who say they know their figures believe that the idea of approaching a balanced budget is realized only by deducting from the deficit the payments on the bonus and retirement of the national debt. They contend that both these items are part of the authorized expenditures and are not covered by special revenues. In that category they cannot be deducted from the annual deficit. They bring the deficit up to more than \$2,500,000,000 and that isn't all, say the bookkeeping purists.

The Presidential figures on the budget carry the statement of an estimate of \$1,835,000,000 for relief and recovery expenditures as a "net amount." Washington opinion views this figure in the light of the fact that the RFC, the Commodity Credit Corporation and other lending agencies are expected to receive \$620,000,000 more than they put out this year. When payments on these loans are made and turned over to relief agencies the operations should show up on the books as additional relief expenditures, the realists argue. If they are right, the estimated \$1,835,000,000 would be expanded to about \$3,000,000,000.

## Cooperatives

SEARCH for a panacea that will reconcile conflicting producer and consumer interests has been made in European countries, where cooperative associations of all kinds have been operating for many years. Glittering plans for "consumer cooperatives" are to be put forth, based more or less on methods employed abroad. However, conditions and the habits of the people differ in the two hemispheres. American waste would finance many European countries. The average American family figures in dollars instead of fractions of a krona.

Increasing cost of living is an incentive to organize consumers' cooperatives, but probably not on a large scale. Nothing has stood in the way of cooperative organization in this country, and yet the system fails to take hold on a national scale. Penny-pinching doesn't appeal to the people as effective while billion-spending demoralizes the national economy. When the Mississippi breaks loose it isn't much use to dam a few feeder creeks.

## Government Contract Law

THE new law applying wage conditions to concerns seeking contracts with the Government is just going into effect. Regulations prepared and applied by the Secretary of Labor will tell the story. Minimum wages paid for similar work in the community are to be the standard of wages required to be paid by contracting concerns. They must provide sanitary conditions equal to those required by state sanitary laws. Lists of approved concerns will be drawn up—and the Comptroller General must prepare lists of blacklisted concerns.

There's power in this law to put the screws to concerns that incur the displeasure of the Secretary of Labor, but perhaps it's best to assume that frailties of human nature will not mar the administration of this law.

## Government and Business

IF you want a temperate and considered statement of principles which should be applied to relations between the government and business, read the conclusions published by the United States Chamber of Commerce. They are

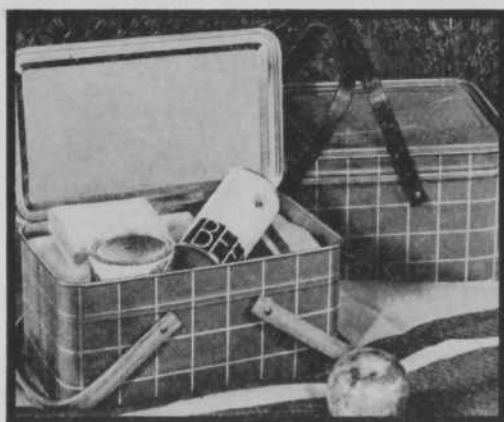


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the consensus of the country's business men, 700,000 of them. These men, through their 1,400 organizations, have expressed their opinion on monetary, tax, code-control, budget, relief, power, tariff, flood-control, social security and other questions. The statement is full of constructive suggestions well calculated to promote the general welfare.

## Robinson-Patman Act

BUSINESS concerns seem to be observing the Robinson-Patman anti-rebate law without protest. A few cases of chiseling may be expected, but the fact is that the law makes little difference in the usual course of business. Sellers must beware—that's about all. They mustn't try to put over disguised rebates in the shape of allowances for advertising, special displays, etc.

The Federal Trade Commission is supposed to follow up chiseling, but Congress appropriated no money for investigations. The Commission has a lawyer and a clerk assigned to enforce the Robinson-Patman Act—but there's a new government agency in the making, and of course bureaucracy will reach out for "necessary appropriations."

If attempts are made to regulate business sales within states the law may bump into constitutional limitations and get the worst of it.

## Commerce and War

WHATEVER the outcome of the Spanish conflict, efforts will be made next winter to devise a neutrality law that will keep us out of other nations' wars. Millions of people believed neutrality is an antidote against war—and some of them are convinced that absolute cessation of American overseas commerce is the only certain method of avoiding clashes with nations at war.

That was tried once, in 1807, by President Jefferson, but it didn't work. The chief result was destruction of business in New England, and the Embargo Act was repealed.

Neutrality is all right if it means impartial and friendly relations with all nations at war, and avoidance of traffic with them. But if it means non-intercourse with nations not at war, and surrender of the right to use the high seas, it is virtually war on the American people. Their livelihood is sacrificed to the interests of foreign massed gunmen on the rampage—and the gunmen make war on the United States just the same, if it is to their advantage.

Straight thinking becomes necessary. Protection and assertion of American neutral rights of commerce are not provocative of war. Surrender of these rights to accommodate belligerents really helps them to maintain and spread their wars.

## Money as a Lever

WORD gets around that a plan is ripening to extend federal control over economic activities in the states by use of the spending power. The idea is to induce the states to enact laws authorizing the Government to regulate manufactures, processing, agriculture, mining, etc., within their boundaries in exchange for "federal aid."

Congress cannot misuse the taxing power in an attempt to invade state powers, but if the states themselves hand over jurisdiction to get a share of federal aid, what's to stop them? Federal regulation of business within states can be accomplished under the constitutional authority to spend money—at least that's what the authors of the plan really believe. They cite the soil erosion law as a precedent. Many other "federal aid" laws have given the Government great powers

within the states. The flood-control act is a sample.

The point is that Congress has practically unlimited authority when it comes to spending money. And when it spends money within a state, what is more natural than to impose conditions, such as transfer of regulation of industry to the authority that is doing the financing?

Many people tell me that here is the method whereby it is proposed to compel all business, agriculture, and labor to do the goose-step according to "national planning."

## Skilled Labor

DEPRESSION leaves a bad scar in one respect. It has prevented millions of young men from becoming skilled. Shortage of skilled labor is reported from many industries. This shortage would be serious if industry should borrow money to expand production. Mighty little money going into plant expansion. Refunding is mostly to cut down interest on old borrowings.

Scarcity of skilled workmen doesn't help industries that are feeling sharper competition from foreign concerns. Japanese skill is improving—higher quality of goods coming into this country. Germany makes headway here in spite of tariff duties. Trade agreements intensify competition between foreigners and Americans in the American market. That means that skilled labor must be developed, somehow.

## Trade Agreements

ALL nations except Germany have "most favored nation" treaties with the United States. When a trade agreement is made, the United States grants tariff concessions not only to the nation making the agreement, but to all other nations except Germany. It obtains concessions in return, but only from the nation making the agreement.

No trade agreement has been made with Japan. Consequently the United States gets no concession from Japan; but Japan gets the benefit of concessions made to France, Switzerland, and all other countries with which the United States has made agreements.

Japanese exports into the United States are increasing as a result of reduced duties granted to trade-agreement countries. Increase of Japanese sales to the United States in the first six months of 1936, \$10,000,000. Increase of American sales to Japan, \$1,000,000. Keep this up, and see where American industry lands in trying to compete with Japan in the American market.

## Dots and Dashes

CONGRESS must act promptly next session on many expiring emergency laws, either to extend or drop them. . . . List includes gold content of dollar, stabilization fund, trade agreements act, neutrality, RFC, hot oil, tax revision, and CCC. . . . Imports of foodstuffs from Cuba and Canada increased 42 per cent in six months ending June 30. . . . Ickes program for spending \$300,000,000 in public works stymied by rule confining employment to relief-rollers—shortage of skilled labor in this class of workers. . . . Union of federal employees affiliated with A. F. of L. trebles membership. . . . 1,500 AAA workers get two-month "sick leave" until needed. . . . Insurance companies invest more heavily in government securities than in any other. . . . Some of them are increasing holdings in farm mortgages. . . . Dairymen afraid of unlimited competition resulting from plan to put western farm land in grass. . . . Movement is on to organize motorists for nation-wide drive to reduce gasoline taxes. . . . First act of the new Seventy-fifth Congress after the House elects a Speaker will be to count electoral vote and declare the result—President must be sworn in January 20. . . .



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Westward into the night your streamliner races. Morning is different. The land is different, the farms. Snowy Rockies have air-conditioned all outdoors a bit too cool for bumper corn and much too cool for cotton. But here are farms again, lush green, following upland river valleys.

Sugar beets—that's what you see. The beet is unique. No crop like it in America! Sugar beets in a third of our states produce enough sugar for 30,000,000 Americans annually. Be thankful that a million American beet acres are not growing corn, cotton or wheat—and that 100,000 beet farmers aren't seeking jobs in your cities.

The beet helped build your streamliner. An acre of beets means about \$35 gross revenue to the railroads—hauling beets, coal, limestone, cotton fabrics, machinery, sugar, plus beet by-products and the millions of sheep and cattle fattened on them. In terms of railroad labor, the beet sugar industry pays the wages of more than 20,000 engineers, trainmen and other employees.

How beets benefit many domestic industries is told in a booklet, "The Silver Wedge," sent on request.

Streamline trains he helped build daily cross one of the farms owned by Walter Hoechstebach, once hired man, who has grown beets successfully for 30 years.



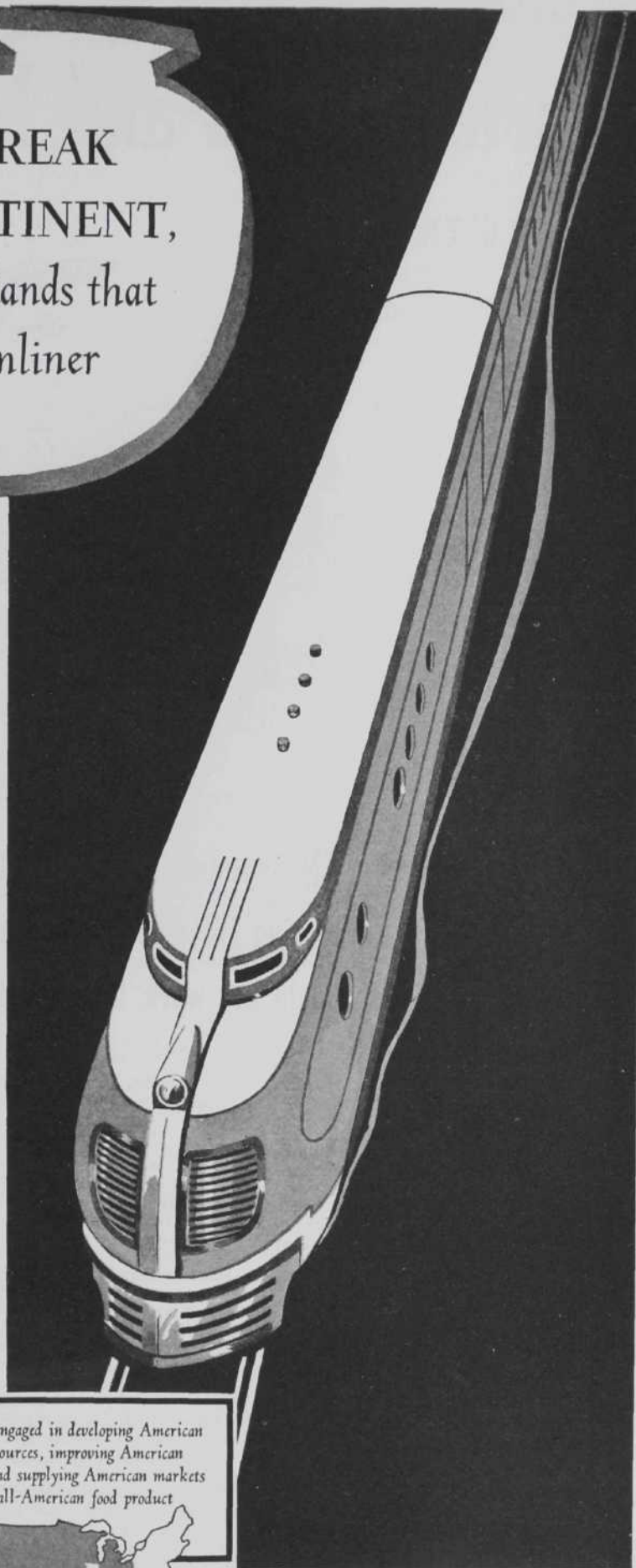
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# Shorter Hours and More Pay

BY GLENN NIXON

**B**ECAUSE of the death of the National Recovery Administration Blue Eagle on the Schechter case chopping block, 839,123 persons are out of jobs:

But since NRA was abolished, 1,265,000 unemployed workers have found jobs.

Both figures come from the American Federation of Labor. How can the paradox be explained?

The first was reported to President Roosevelt July 8. William Green, president of the A. F. of L., explained that it was obtained from a nationwide survey undertaken to determine how many workers have been deprived of possible reemployment because hours were lengthened beyond the maximum prescribed by the NRA codes.

In a statement the next day, the A. F. of L. said:

The nation-wide survey of departures from the NRA labor standards was undertaken immediately after the Schechter decision had been handed down and carried on through ten months. According to this survey, of the 4,576,501 workers affected by the breakdown of labor standards, only 4,073,901 have suffered from the lengthening of hours.

As a direct result of this lengthening of the hours of work, 839,123 wage-earners have been deprived of possible reemployment in the current recovery.

The figure as to the number of unemployed who have found jobs was computed from the A. F. of L. unemployment estimates and shows the drop in unemployment which occurred from May, 1935, to July, 1936.

If the A. F. of L. can argue that more workers would be employed if codes had been continued, can it not be argued with equal premise that, since unemployment decreased after NRA, the decline was caused by elimination of NRA restrictions?

Comparison of charts of operations



H. ARMSTRONG ROBERTS

**AN examination of the NRA formula for forcing prosperity explains why it not only could not work but defeated its own ends**

for the NRA period and for the year following shows some interesting things:

Actual wages increasing 68 per cent faster.

Total factory pay rolls increasing 95 per cent faster.

Purchasing power increasing 11 per cent faster.

Real wages (the amount of goods which wages will buy as interpreted by the key provided by the cost-of-living index) increasing 220 per cent faster.

Higher real wages than in 1929.

Unemployment decreasing whereas during the effective period of NRA codes from September, 1933, to May, 1935, there was an estimated increase of 528,000 in the number of unemployed.

Average hourly earnings more than six per cent higher.

National income increasing at a 36 per cent faster rate.

Per capita national income increasing 39 per cent faster.

Production increasing 25 times faster.

Output per man hour, four per cent greater.

Cost-of-living still going up but only half as fast.

All these data are computed from

official governmental figures with the exception of those concerning the cost-of-living which are based on the index of the National Industrial Conference Board. The figures exclude agricultural income and, except for hourly earnings, output, cost of living, and employment data, are adjusted for seasonal variation. They show the monthly rate of increase in the speed with which the industrial machine is returning to normal operation.

One point should be clear. This comparison does not imply that NRA's demise is responsible for the trends. It is cited merely to show the other side of the picture.

But this question is asked: Is one economic factor such as the increase or decrease of

hours sufficient in itself to measure reemployment possibilities? Must not other factors be considered?

International arrangements may affect domestic price levels and thus affect volume of production, which in the long run determines the rate at which workers are reemployed.

Freedom of capital to flow into enterprise and the availability of credit also affect production.

Internal monetary measures, such as the devaluation of the dollar, influence production to a high degree.

Other factors might be mentioned but these are enough to make the point. Failure of attempts to speed up the industrial machine artificially may be traced, in the opinion of many economists, to an oversimplified approach—such as the 30 hour week plan—which emphasizes a few factors but ignores others equally important.

For example, France in recent months has shortened hours and in-

(Continued on page 110)





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non-corrodible Bakelite Molded may also be observed. Heavy duty wiring systems are insulated with moisture-resistant Bakelite Materials.

When traveling by air, you will find that the housings for delicate instruments, as well as the controls on the instrument board, are produced from Bakelite Materials. Vital parts of the ignition system, too, are likewise protected with Bakelite insulation. Propellers are produced from durable Bakelite Laminated, as well as the rich cabinet paneling, which provides great strength, yet is light in weight.

Paints and varnishes, based on Bakelite Synthetic Resins are also employed in all branches of transportation to provide more durable, attractive, and weather-resistant finishes. Surely it is evident that Bakelite Materials contribute very largely to the comfort and safety of the traveler.

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# The Blood and Turnip Racket

THE moral of this personal experience story of a man who must be nameless here is simply this: Investigate before you turn your bad debts over to somebody who says he can collect them for a fee

IN A SMALL, local industrial plant recently, the owner, an unusually astute gentleman, said to me:

"I'm washed up with collection agencies as a matter of business policy. My experiences with them have been most unsatisfactory. I have a lot of delinquent little bills on my books. But if I can't collect them I don't believe any one else can."

He continued:

Some months ago a fellow from an alleged collection agency came to see me. He called his outfit the *B. Z. B. Credit Protective Association* or some similarly deceptive-sounding name. He claimed he could work miracles in collecting bad debts. For \$10 each, payable in cash, he would take over all the bad accounts and collect some \$4,000 for me.

I reasoned that if this fellow could collect any bills that I couldn't he ought to be glad to do it on commission. He talked loud and long in favor of the cash "retainer fee" for each account. But when he saw I didn't fall for it he decided to accept the commission. I let him have all the bad bills in the file and we agreed to go 50-50 on whatever he might collect.

This was eight months ago and so far I haven't seen a thin dime out of it. I did, however, find out that this so-called collection agency bulldozed an old fellow over in Montebello into paying them \$10 he'd been owing me for three years. But I didn't get my \$5. When I discovered this I wrote to all the delinquent debtors telling them to take no notice of any collector claiming to represent me. I told them I was through with all high-pressure collection methods. Then, as politely as I could, I invited them to try to pay something on these old bills. Believe it or not, those letters brought in nearly \$200 in the next 30 days and I've collected about \$300 more since. Had I left those accounts with the collection agency I wouldn't have collected a



If the nation knew what this racket costs I'm convinced it would demand a house cleaning

dollar, and I'd never have seen one of those debtors around my plant as the small cash customers they are now.

## The value of judgments

I'VE had some experience with collection agencies and alleged money-collecting lawyers and suspected that this field of business finance has become badly racket-ridden in recent years. I decided to do a little fact-finding on my own. So I went to a man who is employed in a neighboring justice court and, with his co-operation, got the names and addresses of 100 persons against whom the court had rendered judgments for debts ranging from \$50 to \$200. The average was \$68.42. The judgments had been rendered in favor of doctors, dentists, merchants, undertakers—the everyday run of professional and trades people.

Here are the boiled-down facts

I uncovered after I had worked through the list to determine the activities, whereabouts and present financial status of those 100 persons:

Eight had departed for parts unknown. Two were dead, one by suicide, the other by "accidental" carbon monoxide asphyxiation in a garage, leaving no tangible assets. A string of 34 judgments had been rendered against as many persons on the dole or employed on work relief projects. Four were against veterans of the Spanish-American War or disabled veterans of the World War, possessing nothing but pensions which cannot be legally attached. A prominent physician, two merchants and an elected judge, harassed by judgments in rows, had gone into bankruptcy. Six were against indigent Mexicans since repatriated to their native

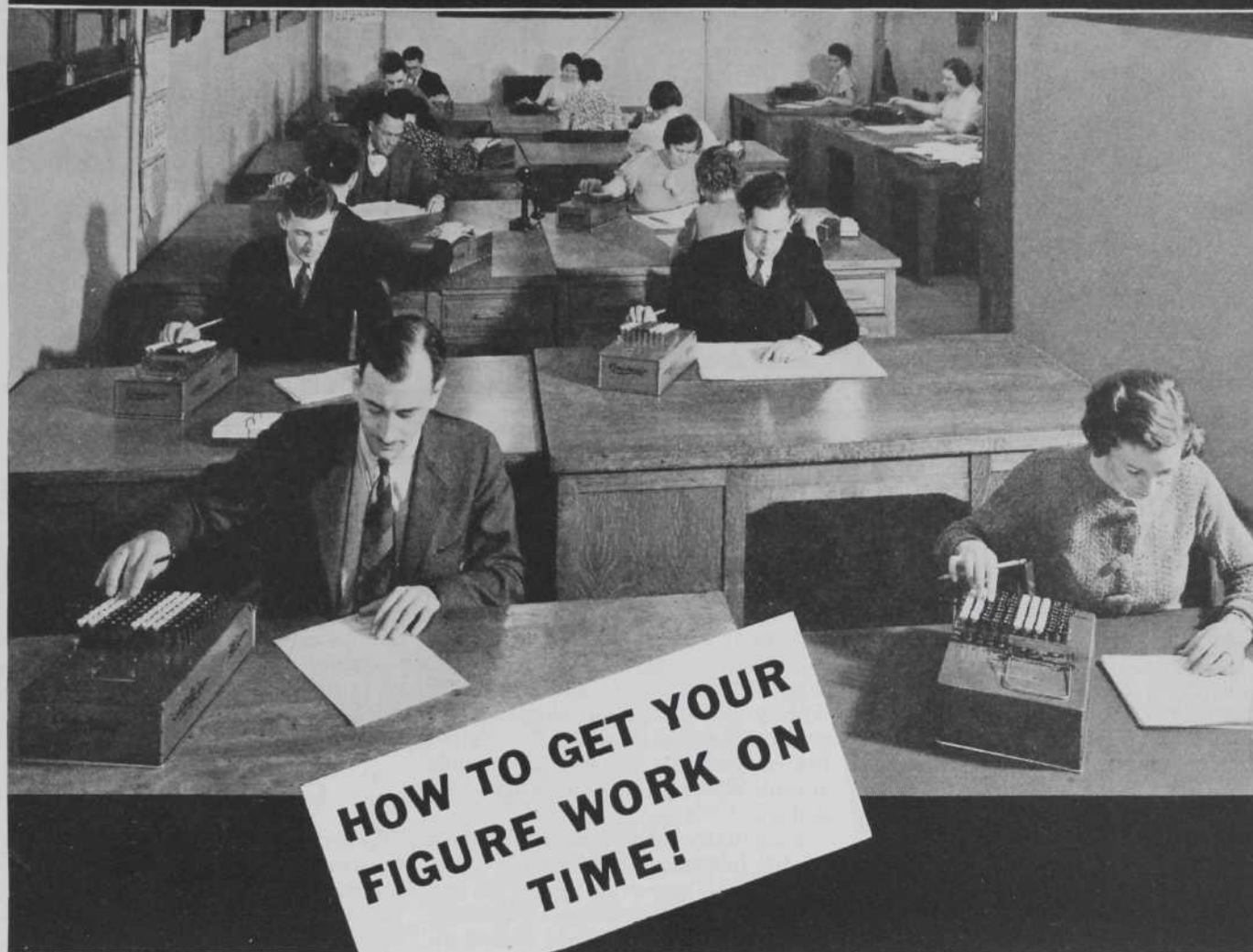
soil. Six others were against penniless and hopeless invalids. One was against a fellow now doing a ten-year term in prison. The remainder were against a polyglot assortment of n'er-do-wells. Apparently no creditor who spent his money for those judgments ever heard or heeded the old adage:

"You can't get blood out of a turnip."

Any hundred cases, of course, is a negligible fraction of the annual debtor's court grist. Yet they are undoubtedly a representative cross-section of the paltry debt cases now being ground through our courts at the taxpayer's expense like truckloads of beets through a sugar factory. Every civil court is choked with such cases. Many courts handle almost nothing else. They manage such things far better in England where it is a rare debt case that ever sees the inside of a court. There debt



# PAYROLLS CAN'T WAIT...



A leading Ohio steel manufacturer will have October payroll figures on file by November 3rd.

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Earnings of individual employees are compiled for 15-day periods. Daily distribution of labor is calculated. Labor costs are computed by departments. Indirect expenses are distributed by departments.

Twenty-five light-action "Comptometers" (Model J, easily portable from desk to desk) are used by the Payroll Department. Suggestions

made by "Comptometer" representative, concerning application of machines to specific figure-work problems, proved tremendously helpful.

The complete satisfaction expressed by this "Comptometer" user is typical. In view of recent Social Security legislation, the extreme flexibility of the "Comptometer" makes it invaluable to hundreds of concerns . . . large and small.

If speed, accuracy, and economy in handling figure work are essential to the efficient conduct of your business, telephone the

"Comptometer" office in your locality. Or write direct to Felt & Tarrant Mfg. Co., 1712 N. Paulina Street, Chicago, Illinois.



# COMPTOMETER

Reg. U. S. Pat. Off.





Creditors seem to think a judgment has some power to grow dollars

matters are usually settled in the nearest barrister's office without a farthing of expense to the taxpayer.

The only conclusion to be drawn from a study of this subject is just this:

Obviously, obtaining judgments for gullible creditors has become a well organized racket for which the taxpayer is the goat. It profits no one but the racketeers. Fees or commissions run from \$10 per case to 100 per cent of anything that can be grabbed or collected. The disturbed economic conditions of recent years have evidently produced new legions of distraught creditors easily misled into believing that getting a judgment against some one automatically performs some mysterious hocus pocus that puts money in the pockets of any and every debtor, to be dusted out with the mandate of a court. It is upon such creditors that the "collection" racket now thrives.

This appraisal of a depression-mothered racket dovetails with my own experiences as a debtor, embarrassed, harassed, persecuted and persecuted over a few debts amounting to less than the cost of a voluntary action in bankruptcy had I been prosperous enough and willing to take that way out. I suspect that many a reader will see his own name somewhere between these lines.

When our economic foundations crumbled several years ago I was caught with obligations totalling about \$500.

Throughout my adult life I had tried to observe financial obligations faithfully. But the instant I got into a financial jam I had my eyes opened to the blind hysteria that seizes certain creditors when a debtor's financial stability is in jeopardy. My reputation for honesty counted for nothing. Persons of far greater wealth were crashing all about me but I

seemed to be regarded as some sort of a business alchemist with supernatural powers for snatching money out of thin air. I should, therefore, be compelled to do my stuff.

### Skimping to pay

ALTHOUGH financially crippled by the forces of depression, I never for a moment considered sidestepping my debts. I still had a little income from overseas sources or sources scattered through a dozen states. I also had some earning capacity from work done in my home state. So, when I found myself in a serious financial plight, I did what seemed to me to be the honest and decent thing. I cut expenses. I went to my creditors, explained things and began pro-rating every possible dollar toward payment of all the debts.

Things went along in this fashion for some months and most of the creditors were satisfied. Eventually all the small bills were paid and the larger ones were steadily being whittled down. Meanwhile, the depression, instead of getting better, was becoming progressively worse with me. What little money I had was coming largely from England. England had gone off the gold standard. The United States was still on, and my pounds shrank when I converted them into dollars.

Eventually I was forced to cash in my life insurance to meet current obligations. I borrowed money on my car, without which my dwindling earning power would have ceased altogether. Then, over a period of many months, I systematically sold off ar-

ticles of personal property at terrific losses to get money for necessities. I was paying debts out of earnings and going around half fed while others less thrifty and honest were already on relief.

Among the unpaid debts when these conditions caught me was a major item of \$180 for supplies used in my business. I had been buying such supplies for many years from a single firm. I had spent as much as \$4,000 a year with this firm without missing a discount. Nevertheless, the credit manager of this organization forgot all about the past and lost his head completely about the time my account went 90 days overdue.

I had asked no further credit from this house after my account became 30 days in arrears, but continued to make such purchases as I needed with payments in cash. Meanwhile I was hammering away at the debt. I finally got the unpaid balance down to \$85, and at this point the credit manager committed about the most irrational act I have ever heard of a supposedly sane man doing. He turned the account over to a collection agency.

The first "collector" who called was a pachydermatous dumb-bell who, not finding me at home, vented his spleen upon my mother-in-law who was no more concerned with my financial affairs than Banquo's Ghost. She closed the door in his face.

### Conditional payment

IT happened on that very day that I received a substantial payment for some work I had done for a firm in Holland. Holland was still on the gold standard and I cashed my guilders into dollars at a premium. The incident of the "collector's" call took me to see the credit manager and tell him what I thought. As a parting shot I waved three five-dollar bills under his nose and told him I was prepared to pay this sum upon my account upon condition that he get it out of the hands of his collection agency as fast as it could be done by telephone.

"Well, now . . . Ah . . . E'r . . . but," spluttered the credit manager. "We've already paid the collection agency \$10 to go after your account."

"Rotten judgment," I said, "Good-afternoon, Sir."

I pocketed the \$15 and walked out of the store. A few minutes later, the credit manager, red-faced and puffing, caught up with me a block down the street where I was waiting for a street car. With profuse apologies he begged me to return to his office. He and Mr. So-and-So had talked things over and decided to accept my



Finding me away, the collector insulted my mother-in-law



# THE THRIFTY HOUSEWIFE LOOKS BEFORE *She* BUYS!

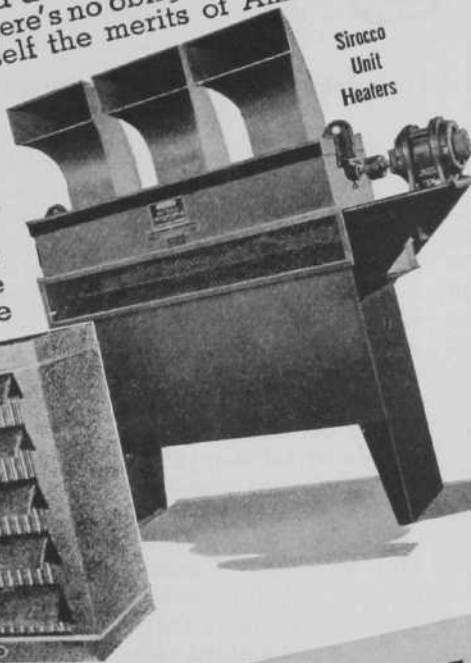
TAKE NO CHANCES WHEN YOU BUY *Unit Heaters*

**LOOK BEFORE YOU BUY...** compare carefully is the rule of thrifty housewives. It's the rule of careful buyers of heating equipment, too. That's why you find American Blower Venturafin and Sirocco Unit Heaters in thousands of stores, offices, factories, shops, garages and warehouses. Before you buy heating equipment, ask your contractor to show you an American Blower Unit Heater or, mail the coupon direct to us. We'll send a Venturafin Unit Heater for a special ten day comparison test. There's no obligation. We pay the freight both ways. Judge for yourself the merits of American Blower Unit Heaters. Don't put it off another day. Look before you buy. Buy known quality and know what you're getting. And remember, American Blower Unit Heaters compare favorably in price with other makes, yet they are the only units that give you not one, but all of the advantages shown on the right. Phone your heating contractor or mail the coupon today.

Sirocco Unit Heaters for floor, wall and ceiling installation—particularly adaptable for large areas—the result of fifty-one years' engineering experience. 107,200 to 1,267,500 B. T. U. per hr.

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5. New beauty of design—styled by leading industrial designers.
6. The most complete line of Units in the world to select from (two types—Venturafin and Sirocco). All units guaranteed by American Blower, a division of American Radiator and Standard Sanitary Corporation—the world's best known manufacturer of heating equipment.
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THIS  
COUPON



offer. Returning to the office, I paid the \$15, took a receipt and received a letter stating that my account would be withdrawn from the collection agency immediately. The letter further stated that no further attempt would be made to force collection as long as I continued to show good faith in meeting my debt voluntarily.

Thirty days later I paid another \$10 on the bill. I mailed the remittance, received the receipt by return mail . . . and a few days later two representatives from the collection agency were snarling at my door again. They demanded full payment in a lump.

"We're going to sue you," they belated. "And remember . . . this agency always collects."

"Not this time," I replied. "I can't pay, and you can't collect. So, sue and be damned."

### No property to attach

THEY sued and they got a default judgment. A month later they shook the credit manager down for another \$10 for a default judgment against my wife. What value this document was supposed to possess is beyond all comprehension. The only thing they ever tried to seize under these judgments was my 1928 automobile. But they decided that move wouldn't get them anywhere when they discovered that the certificate of ownership was already out of my hands to cover money I had borrowed on the car. The statutes of limitations ran out on those two judgments some months ago. They produced nothing for my creditor but expense.

About the time this judgment was rendered things were rapidly going from bad to worse with me. We ate up about everything I ever owned in the way of personal property. Then I became ill. My skimpy earnings ceased and I was forced upon relief. Eventually I was carted off to a veterans' hospital. Meanwhile the collectors were getting better organized and more aggressive. The few creditors I still owed began a stampede to get judgments against me. Not one of those who sued me bothered to learn in advance that any judgment against me was worthless. All seemed to believe that obtaining judgment would work some sort of magic to force payment.

The most pathetic of these cases was a poor woman, the widow of a

dentist who did some work for my wife and me in the comparatively prosperous days of 1930. The dentist did this work with the full understanding that I'd be some months getting the bill paid. Shortly thereafter he died leaving a whole pack of his own creditors baying loudly around his bier.

While I was in the hospital a collector took \$25 of the widow's money to get a default judgment against me.

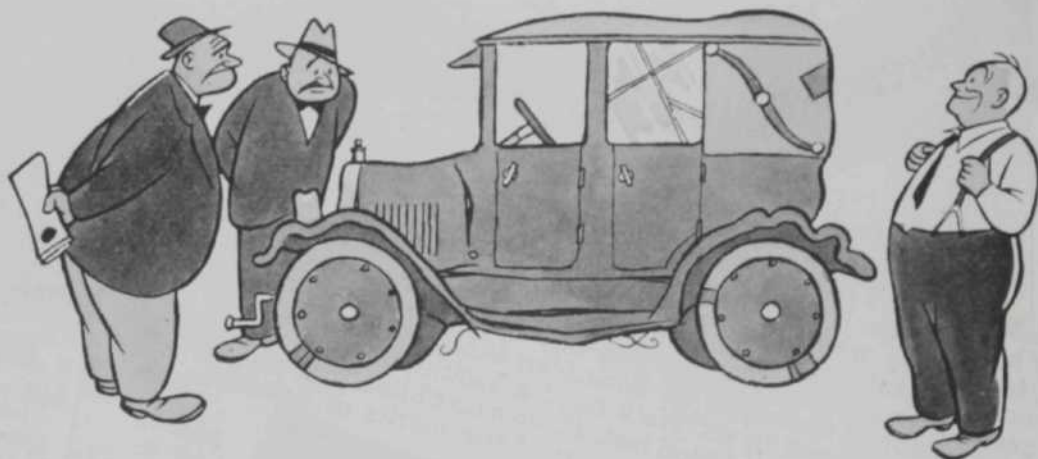
By the time I recovered my health I had so many default judgments against me that it seemed to make no difference how many more they piled on. But they made serious problems for me.

I could not hold a job in my home state if I could have found one. My creditors would have mobbed each other in the stampede to collect my first week's pay. Few employers will tolerate an employee afflicted with judgments. Garnishees are a nuisance and involve costly bookkeeping. Likewise, I could not have a bank account or own my own car although both are essential to the continuation of a

many other things unknown to my family in the past several years, is now coming in from England, Holland and other widely separated points. If any one thinks he can touch it, let him try it and find out why it can't be done. It won't be long now before I'll have my bank account in my own name, be the legal owner of my car and discard all the subterfuges to which I have been driven in the process of figuratively picking myself up by the financial bootstraps. I'll be through with all this compulsory nonsense when I'm completely out of debt, or if a few creditors yet to be paid ever realize that they cannot collect money by the financial extermination of the debtor.

### Forced to dodge creditors

WITHOUT a doubt this collection racket has done and is still doing untold injury to the entire nation by dumping financial unfortunates onto the taxpayer. I have positive knowledge that every work relief project is loaded with men who would not dare



All they could find to attach was my old car and I had borrowed on that

highly technical service by which I earn my living.

As these lines are written every creditor who strung along with me when things were at their worst has been paid in full. Additional purchases are being made from them with payments in cash. Some weeks ago I called upon the first hot-headed creditor who was misled to believe that a default judgment against me possessed some mysterious value, a judgment that was outlawed several months ago. Would he accept a cash settlement? He would and did. I paid him every dime I owed him, but not the \$25 or \$30 he dropped for promised legal alchemy that failed.

The second, third and fourth judgment holders were delighted to accept similar terms.

The money for doing these things, for new clothing, better food and

accept employment in private industry. They are forced to remain where their skimpy earnings are protected against seizure for debt. I also suspect a definite relationship between this racket and the fact that 25,000 Americans now die each year by their own hands.

I have an idea, too, that a complete investigation would reveal some startling information bearing upon the present perplexing crime situation. It is reasonable to believe that a great many rubber check operations, embezzlements, and extortions could be traced to the persecution of men for debts insufficient to justify the cost of bankruptcy.

If the nation really knew what this racket is costing and what it is destined to cost in the future, I am convinced that a general house cleaning would be demanded.



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International Electric Bookkeeping and Accounting Machines operate at a speed which provides finished reports in a few hours, which formerly may have required days or even weeks to prepare. Investigate now the advantages which this modern accounting method offers.



2

65

VOUCHER NUMBER	VENDOR NUMBER	VENDOR NAME	INVOICE DATE		CLASSIFICATION		CASH DISCOUNT
			MO.	DAY	MAIN	SUB	
			6	25	24	18	4 307
			6	22	24	24	1060
1568	3211	JOHN ANDERSON SONS	6	20	19	5	
1569	3730	CLAXON AND WEST	6	18	5	101	66
1570	451	LARKINS PRINTING CO	6	15	24	18	475
1571	207	F F MORGAN CORP	6	21	24	18	1768
1572	1005	THOMAS AND ADAMS	6	20	24	5	746
1573	177	ROBERT AND GREEN CO	6	15	22	105	2017
1574	621	ROBERT AND JOHNS	6	20	22	105	1546
1575	904	BURTON CHINA CO	6	17	25	105	1125
		DIXON EDWARDS	6	23	24	18	560

BRANCH OFFICES IN  
PRINCIPAL CITIES OF THE WORLD



# A Bookkeeper for the Bureaucrats

As told to

CHARLES MAGEE ADAMS

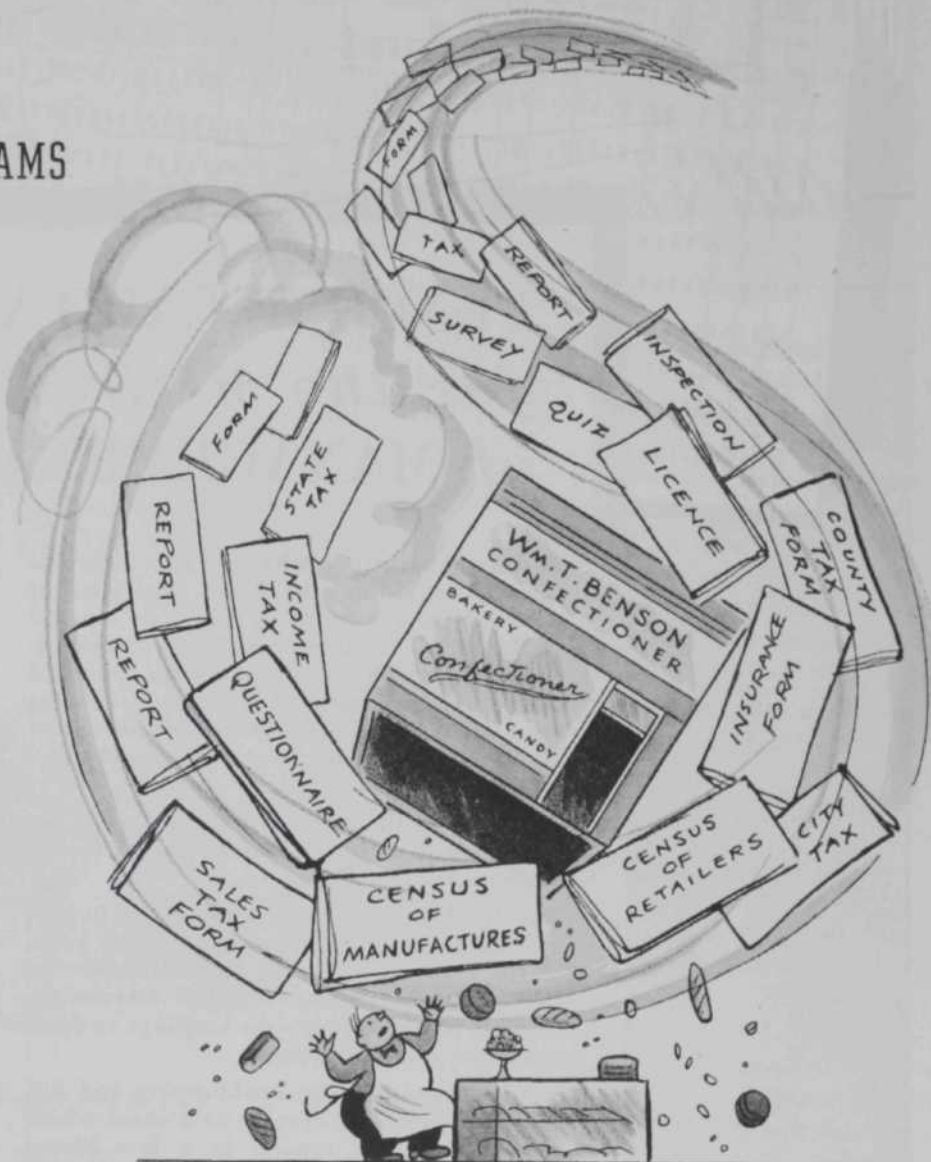
A SMALL business man rebels verbally—the only way he can—against the increasing demand for government reports which, by taking time he should give to his business, make him constantly an easier prey for his big competitors

IN THE telephone directory (our town is too small to have a city directory) I'm listed as—well, suppose I say Benson, William T., confectioner. That's not my real name. But don't jump to the conclusion that the alias hides some dark secret. You wouldn't know me anyway, and I have reasons for not wanting to stick out my neck.

According to the usual business classifications, I'm a "manufacturing retailer." That is, I produce most of my goods and sell them direct to the consumer. In summer the bulk of my sales is ice cream; and in winter, candy. How much, or little, these sales amount to you can guess closely enough when I tell you Arrowdale is a town of 2,500. In other words, I'm just a buck private in the army of business men.

There was a time when I thought of myself as an independent business man. I own my little place on Main Street—stock, equipment and building. I used to find a good deal of solid pride and pleasure in being in business for myself, standing on my own feet, and matching my wits against competition, of which there's plenty. But I'm no longer sure I'm in business for myself. I'm beginning to suspect that my chief function in the economic setup is keeping books for the bureaucrats.

We've been hearing a lot about bureaucracy the past few years—its cost, its menace to individual freedom, its dictatorial irresponsibility. I know there's a plenty to be said on



CHARLES DUNN

Reports may be a headache for big corporations but the people they really wreck are the little fellows

all these points. I have to pay my share of the cost, in special fees as well as general taxes. Now and then I've had to obey the stupid orders of some whippersnapper and like it. However, the thing that really gets in my hair is bureaucracy's insatiable demand for reports.

Of course you know, in a vague way, that such things as government reports are obtained from business concerns. Every now and then you read in the newspapers that the Bureau of Something or Other is giving out statistics on this or that compiled from the "reports" of manufacturers or merchants.

You probably imagine that what happens is about like this:

Some morning a pleasant young chap from the Bureau drops in at the front office and says to the boss, "I'm sorry to bother you, Mr. Jones. But we'd like to know how you find things these days. Especially employment and production." Thereupon the boss takes out a folder and tells him the percentages compared with last year. The pleasant young chap jots down the figures in a notebook, thanks him, and goes on to the next place.

But it isn't done that way.

The fellows who edit the dictionaries like to show us how usage



# In Went the Cat's Paw

## — out came a Billion-Dollar Idea!

It's nearly 150 years now since a certain young man, with a knack for mechanics, went South to court the girl of his fancy. And fortunate it was for the world that he made this romantic journey!

For one day he visited a cotton plantation. He saw what a long, slow process it was to clean the seeds from raw cotton. He talked with the planter, learned more about the difficulties of picking and cleaning cotton by hand.

That night he couldn't sleep. If only there were a *machine* to do all that tedious work! Restlessly he got up and stood by the window. In the moonlight he saw a cat, frantically busy at one of the chicken coops. The cat had killed a chicken but was unable to pull it through the wire mesh. In went the eager paw—out came a cloud of white feathers. In went the paw again . . .

Thoughtfully the young man went back to bed. In his mind's eye he pictured an iron claw, pulling cotton fibres through a fine mesh screen—leaving the hard seeds behind—

A few days later he had worked out the first rough sketch of a remarkable new machine. It made large-scale production possible, revolutionized the entire cotton industry. The young man's name was Eli Whitney. The machine, inspired by a robber cat in the moonlight, was the famous cotton gin.

\* \* \*

Thousands of men might have watched that cat at the chicken coop without attaching any importance to it. But to Eli Whitney it was the basis of a billion-dollar idea. He saw and recog-

nized the fabulous *unseen value* of that little barnyard drama.

It requires no special genius to recognize the Unseen Value in an automobile. Today every alert, intelligent man or woman who buys a car realizes that there is something far more important to him than the materials from which the car is made—far more significant than such things as beauty, power, safety or speed. The Chrysler Corporation has succeeded in making America conscious of this vital Unseen Value.

What is it, you ask? The man who drives a Chrysler-built car well knows! He knows the pride and confidence that

go with ownership of a Plymouth, Dodge, De Soto, Chrysler. Behind these cars is far, far more than the busy factories in which they are built. Behind these cars is *devotion to an inspiring ideal.*

### Look Beyond Beauty, Safety and Speed

It has always been the ideal of the Chrysler Corporation to improve cars in every possible way, and to *keep improving them.* Chrysler engineers have dared to build the cars of their dreams—have pioneered one great advance after another—have created veritable masterpieces of perfection.

Because of this, about *every fourth car sold today* is a Chrysler-built car! Of all American motor manufacturers, Chrysler Corporation alone exceeded in 1935 its rate of production for the boom year of 1929.

We ask you to bear these facts in mind when you buy a car. We ask you to consider the exceptional *Unseen Value* of the famous cars and trucks built by Chrysler.

#### BEFORE BUYING A CAR —ASK YOURSELF THESE 6 QUESTIONS

1. *Has it proper weight distribution?*
2. *Has it genuine hydraulic brakes?*
3. *Is it economical to run?*
4. *Has it floating power?*
5. *Has it safety-steel body?*
6. *Does it drive easily?*

ONLY CHRYSLER-BUILT  
CARS HAVE ALL SIX

*Chrysler  
Corporation*

**DE SOTO**  
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# TRAVEL-



I LIKE TO WORK

## GO PLACES-NOW-BY TRAIN

Railroad fares throughout the United States have been reduced as much as 44%, and Pullman charges are one-third less, with no surcharge.



I LIKE TO

## DO YOU KNOW

—that the railroads haul a ton of freight a mile for an average revenue of less than a cent?

—that the speed of freight trains has been stepped up 43% in recent years?

—that by increasing the efficiency of combustion the railroads have cut fuel costs a half billion dollars in the past ten years?

—that 45 cents of every dollar the railroads take in go for railroad payrolls?

—that the railroads maintain their own "highways"—a quarter of a million miles of "line"?

—that many railroads will carry your automobile to vacation spots for the price of a third ticket?

—that you are far safer on a railroad train than you are in your own home?

**SAFETY FIRST—**  
*friendliness too!*



I LIKE TO MOVE AROUND



I LIKE TO SLEEP

**ASSOCIATION  
OF**



# as you like it

**T**HERE IS—in the speed, comfort, safety and dependability of the modern American railroad train—something for *each* traveler especially to enjoy.

You can do the thing you *like* to do, while you ride, almost with the same freedom and peace of mind that you would have in your own home.

You know when you start out that you will get there on schedule. You know you will cover dis-

tances with the minimum of exertion, the maximum of ease. You know that whatever the weather or the route or the season, security and friendly service will attend you.

These benefits of railroad travel have become so familiar they are taken for granted.

What may not be so familiar, unless you have traveled by train lately, is the extent of the improvements made and the new features added in recent years.

So next time you have a trip to make

—and want to make it in the pleasantest way possible—go by train and see for yourself.

See how faster schedules, modern equipment, air-conditioning, and *billions* put into heavier rails, safety signals and roadway maintenance, are keeping the American railroads out in front as the most reliable and progressive transportation system in the world!

## WEATHER AS YOU LIKE IT

Railroad research tackled the problem of air-conditioning more than twenty years ago, when a few dining cars were supplied with washed air. By 1930, cooled dining cars were introduced. Today more than 4,000 Pullman cars and 3,000 other cars provide the supreme comfort of air-conditioning—cool, clean, quiet, regardless of the weather outside. Research in air-conditioning is still going on, as it is in other varied projects such as Equipment Design, Combustion, Wood Preservation, Water Softening, Metal Alloys, Signals, Brakes and Rails. In these and in countless other activities of the railroads—



**PIONEERING STILL GOES ON!**

EAT

I LIKE TO READ

# AMERICAN RAILROADS

Transportation Building, Washington, D. C.



changes the meanings of common words. They couldn't find a better example than "report." Back in the "horse and buggy" days a report meant a straightforward business document, containing important information of more or less permanent value, set down in a clear, concise way. Now it means an intricate form that the business man has to fill out. That's what the bureaucrats have done to a perfectly good six-letter word.

### Making business do the work

I CAN see easily enough why the swivel-chair boys make a career of reports. Bureaus must do something to justify their budgets. And there are two main alternatives. They can go out and get the information that's so essential to the "general welfare"; or they can stay in the office and let business men send in file fodder. Obviously, the latter is much more desirable. It means they don't have to get wet or cold or sunstruck. They don't have to answer embarrassing questions about what they do with "confidential information." Better still, they can always offer the sure-fire defense that the burden of reportomania falls chiefly on "big business."

Unfortunately that doesn't happen to be true.

Granted, reports are something of a headache even for the biggest corporations. But it's only the relative size of the figures and the variety of information that make the job look tremendous.

A \$1,000,000 or \$10,000,000 concern is sure to have an adequate accounting department, with filing sys-

tems and bookkeeping machines. Also it's likely to have a legal staff, capable of interpreting—as well as any normal mind can—what the bureaucrats want. So reports pretty much boil down to just another piece of office routine for the big corporation. At least it doesn't mean that the whole organization from chairman of the board to file clerk has to drop everything and start digging.

Now compare this with the situation of the little merchant or manufacturer who grosses anywhere from \$10,000 to \$50,000 a year.

He has no accounting department. He's his own auditor, comptroller, secretary, treasurer. Further, he's his own sales manager, production manager, purchasing agent, credit manager, advertising manager, window dresser, public relations counselor, maintenance superintendent, technical director, even head porter. He may have a lone bookkeeper competent to handle routine, and possibly an adding machine. But generally his whole accounting system can be stowed in a single desk, with room to spare.

When reports come in they can't be routed smoothly down a line of department heads. The little fellow either must take time and energy from his normal business to play bookkeeper for the bureaucrats, or he must spend his evenings poring over ledgers, invoices and costcards; generally both.

In other words, the smaller the business, the harder it is to make out reports.

Naturally the bureaucrats don't play that up in their publicity. They conveniently ignore the statistical

fact that small business men still outnumber the big corporations several hundred to one. And it's these little fellows like myself who must supply most of the "paperwork" grist that keeps the mills of bureaucracy grinding.

Just how many reports does the typical small business man have to make out in a year? It's impossible to answer that definitely. To begin with, as many as four strata of bureaucracy can be piled on the business man: federal, state, city, and county. He may have to supply information to one or all, depending on the nature and scope of his business and where he happens to live.

Further, the number of reports depends largely on whether or not he is dealing with up-to-date bureaus. No modern bureau is content to remain a cohesive organization. It must be broken up into divisions; these divisions into units. And every unit must have its own special "business information."

### They make complications

THE BTU division of the state SOS Bureau may crave the same facts as the FOB unit of the Federal PDQ Bureau. But it would never do for them to exchange information. The second principle of bureaucracy is "Don't ask for one report when you can get two." And even though both sets of facts were identical, they couldn't be reported the same way. The third principle of bureaucracy is "Be Different."

My own case is by no means extreme. Being located in a small town, I have no city or county bureaus to



Once I refused to answer a survey questionnaire from one of our more inquisitive bureaus. Then a field man from the bureau came along. He let it be known there was a law





## “Some nails an’ a load of pipe ...and make it snappy!”

REAL telephones are ringing, placing real orders like this—thousands of times every day, all over the country. At the other end of the wire is a local merchant who sells steel and steel products—there is at least one in every community. He is the dealer, the jobber or the distributor selling by the pound, foot or ton.

In this intricate age of ours, living would come to a standstill without steel distributors. For example: An explosion wrecks a small factory building. Men are out of work; the plant can't oper-

ate. The contractors rebuild the structure over a week-end because they can get the many necessary kinds of steel—tons and tons of it, at once—from a nearby steel warehouse. Or a homeowner needs a pound or two of assorted nails. He gets them, right away, from a local dealer, who has all sizes in stock because he is able to replenish his supply overnight from a nearby jobber.

Other steel jobbers and distributors supply the pipe that plumbers use, or the steel girders to be placed in the basement of a home, or a small piece

of alloy steel needed by a machine shop, or the electrical cable required by an electrician—even a few pieces of stainless steel for a store window. Farm and lawn fences, poultry netting, wire rope, galvanized sheets for barn and house roofs—practically any kind of steel that anybody uses—are carried in stock by these distributors, ready for delivery at a moment's notice.

United States Steel is proud to be a part of the service made available by these distributors. Their success is vital to the success of United States Steel.

AMERICAN BRIDGE COMPANY • AMERICAN STEEL & WIRE COMPANY • CANADIAN BRIDGE COMPANY, LTD. • CARNEGIE-ILLINOIS STEEL CORPORATION • COLUMBIA STEEL COMPANY • CYCLONE FENCE COMPANY • FEDERAL SHIPBUILDING AND DRY DOCK COMPANY • NATIONAL TUBE COMPANY • OIL WELL SUPPLY COMPANY • SCULLY STEEL PRODUCTS COMPANY • TENNESSEE COAL, IRON & RAILROAD COMPANY • UNIVERSAL ATLAS CEMENT COMPANY

*United States Steel Corporation Subsidiaries*



# UNITED STATES STEEL



reckon with, and my state is just moderately "progressive."

First of all, I have to fill out a form for a state workshop and factory license, without which I couldn't do business. Strictly speaking, this isn't so much a license as a special type of tax, the fee paying the cost of state sanitary inspection. As forms go, it's comparatively simple. Nevertheless, it's something to be filled out, and, like all forms, it has the maddening faculty of turning up at the most inopportune moment.

Next, I have to make a federal income tax return. You fellows who are on a salary needn't nod and say "We know." When you're in business for yourself an income tax return means a goldfish-bowl recap of your year's business, done "the hard way."

Though this shortcoming may soon be corrected, my state hasn't yet

of their value to me or anybody who'd buy them.

Like so many others these days, my state also levies a retail sales tax. But this doesn't mean that I merely have to pry the pennies out of protesting customers and turn them over to officials along with double-checking receipts. In addition I must make a quarterly report showing my gross sales, the amount of tax collected, the amount of tax-exempt sales, and why. The last two refinements of bureaucratic technique deserve further mention later.

### Two reports on workers

NEXT, I must make a semiannual report to the state workmen's compensation system as a basis for my premium payments to the insurance fund. These reports are a detailed

white or colored, adult or minor. All this ink-spilling for a force of three.

Then I must make a biennial report to the federal Department of Commerce, glibly called a census of manufactures. Again I must tell how much I paid out for labor, as well as electric power, fuel, and—more about this later—each type of raw material going into my products, not to mention the manufacturing cost of my output, according to neatly subdivided classifications.

And because I happen to sell what I make direct to the consumer I also had to make out a report for the federal census of retailers, undertaken this year as a WPA project. It meant still another detailed recap of my 1935 business, giving the same old information in a different way.

That is what bureaucracy exacts from me in the way of reports. Business men doing a like volume in other states or other lines may have less paperwork; those in different states or different lines probably have more.

But this point should be remembered. These overlapping reports don't cover the operations of a huge organization or even an incorporated concern. They cover simply a little one-man business in a small town. Their cost is not passed along to the public in the form of accounting overhead. They are merely extra work.

### Incomprehensible wording

AND that extra work is multiplied unreasonably because no self-respecting bureaucrat would think of using a report form and "instruction" sheet written in clear, simple English. The text must be elaborated into a labyrinth of 16-cylinder sentences, compounded of dependent and subdependent clauses, articulated with such ponderosities as "whereas," "to wit," "and/or," "as hereinafter provided," "subject to the stipulations aforesaid," "pursuant to the authority." I doubt if the bureaucrats themselves understand them.

For instance, I received a processing tax form while the AAA was in full flower. After reading it a half dozen times, I wrote to the Collector of Internal Revenue asking for a clarification of the provisions that seemed to apply to me. He answered simply by quoting the passage. Again I wrote, asking for an interpretation of his "clarification." And again he replied merely by quoting the section. So I did my own guessing.

Another favorite device of the bureaucrats is complexity of forms.

It is obvious that a small business can report its operations far more simply and briefly than a huge organization. It is well known, too, that the

(Continued on page 118)



No self-respecting bureaucrat would think of using a report form written in clear, simple English

"progressed" to the point of piling on an income tax of its own. But it has things "just as good." One is a chattels tax. To make a return for this I have to retrace much of the same ground covered for my income tax return, with just enough differences to make more than twice as much work. The particular things I have to watch here are my stock and equipment inventories.

The state boys have the last word. So my job is to guess what they'll think things are worth, regardless

abstract of my weekly pay roll, amount of wages paid, to whom, and for what—information supplied in different form in other reports.

To the normal mind, these compensation reports would seem a satisfactory record of my employee relations; but not to the bureaucratic mind. In addition I must make an annual report to the state industrial department, giving the total amount of wages paid, the number of hours employees work per day and per week, whether they are male or female,



# Don't Owe Too Much Money

BY ROY A. FOULKE

Manager, Analytical Report Department, Dun & Bradstreet, Inc.

**E**VERYONE who is more than 25 years old and in his right mind will remember that in the pre-1929 years we were on a spending spree, you, I, and the other fellow. Almost everything we wanted from a house to an engagement ring could be bought on the instalment plan and we bought it.

It was good business to owe money, on a house, on the furniture, on the piano, on the radio, and on the new car. "It made the house more salable," the salesman and the representative of the mortgage guaranteeing corporation insisted.

Today, we are on another spending spree but the "we" instead of being "you, I, and the other fellow," is now a collective sovereign "we" represented by the Government at Washington. There is a difference. It is much easier to change our own minds than the minds of legislators, bureaucrats, and politicians. Some speers can be worked off the day after the night before, but a spending spree of a sovereign body based upon bank deposit inflation has characteristics of its own—it lasts until we either wake up and call a halt or an investment strike occurs and no more funds can be obtained to spend. That can happen, too.

I have a friend who recently made the initial down payment on a house. That residence probably sold at about \$16,000. With a down payment of \$2,500, the alleged owner now has about \$13,500 to go and he's not very close to a touchdown. With interest at five per cent a year on this unpaid



**IN theory as well as in practice, debts of business, people or governments must bear some relation to assets**

balance, the monthly cost without considering upkeep or amortization is \$56.25.

Well, it so happens that when most families desert an apartment for an eight-room house with a fireplace, the house generally has two more rooms than the apartment, besides a hall, and a somewhat larger living-room. Since empty space has a strange look to visitors those rooms invariably are furnished.

Probably another \$1,500 goes for that purpose, the furniture to be paid \$300 down and \$50 a month for two years. By the time the furniture is

paid for there will be upkeep on the house. And then a refrigerator and a new radio are also acquired on somewhat similar basis calling for additional payments of \$10 each a month.

That is only the first half of this familiar story of family expansion. The second half has to do with items known in real estate parlance as taxes and insurance, and heat. In a business we would term them additional "fixed charges."

The annual taxes on this house are \$360 and the fire insurance—although it is an added item of cost—is the only really insignificant item in the overhead. My friend conservatively spends \$240 each year for heat. Here is an average of \$600 more a year which must be covered by the yearly income as well as by the budget.

So, when my friend was settled and began to put the adding machine to work, he found out he had monthly fixed charges exceeding \$176.25 in contrast to his monthly rent of \$80, including heat, in the apartment before he moved, and he had made no provision for amortizing the unpaid balance of the mortgage. If he is fortunate and gets two or three salary raises in the next few years, the skies will remain bright. And if business—only an "if"—continues to improve for a sufficiently long time he'll probably get them. But just at this stage of the game he owes a little too much money for his income, his resources, his peace of mind, or his good health. If he and his family could have



been content with a somewhat smaller house, or if it had been unnecessary for him to fill the empty rooms with furniture, his overhead would have been appreciably smaller. That is not difficult to understand; at least, not when you write it on paper. It just seems to be human nature for us to be a trifle overambitious, a little vain, when it comes to selecting a permanent home, signing the mortgage, and making the initial down payment.

### Fixed charges too high

A SUBSTANTIAL portion of the business enterprises of the country are operated somewhat as this family is being run. The expansion is forced. Additional manufacturing plants, more sales offices, larger inventories, more colorful stores are added without carefully counting the cost; without adequately, or often

even superficially, studying the sales possibilities. When the initial expenditure is made from capital resources, the one immediate additional cost is in the form of enlarged depreciation, and when the program is financed by borrowed money, the second additional item which immediately grows in status and importance in the profit and loss account is "interest" on the borrowed funds.

Both "depreciation" and "interest" are of more than casual theoretical interest to a man operating his own business. They are two expenses which can be accurately forecast.

Suppose the owner of a small machine shop bought some tools and equipment, which would receive rather hard constant usage, for \$1,000. At the end of six years, these particular tools and equipment might have a scrap value of about \$76. Straight line depreciation would require that approximately \$155 be

charged to depreciation in each one of these six years.

When the purchases were made, the owner knew he could immediately and easily save the yearly depreciation by the increased speed and better work—but, unless he were an unusual business man, he might fail to realize that five and six years hence when the equipment had outlasted its initial usefulness and initial savings to the business, the yearly depreciation of \$155 might be a real burden.

A solution to this problem has been found. The more progressive business man takes an added share of depreciation in those early years when the equipment is of the greatest value to the business. For instance, if a 35 per cent rate is taken on the net depreciated value of the assets, the charge to operating expense is greater in the first two years and progressively smaller in the next four years when the same scrap value of \$76 is finally reached.

This is what I mean. With a 35 per cent rate, the charge for depreciation in the first year would be \$350 leaving a net depreciated value of \$650. The 35 per cent in the second year (now taken on the net depreciated value of \$650) would be \$227, the third year on the still lower net depreciated value of \$423 would be \$147; the fourth year \$97; the fifth \$63, and the sixth \$40.

### More thinking encouraged

OBVIOUSLY this percentage method of depreciation should make the business man think harder as to whether any new equipment will pay its way during the first two years—if it can, it will surely take care of itself thereafter.

In the past five years 104,478 businesses have failed in the United States involving aggregate liabilities of \$2,661,819,000. The individual yearly schedule reads:

	Number of Failures	Liabilities
1935	11,879	\$ 230,120,000
1934	12,185	264,248,000
1933	20,307	502,830,000
1932	31,822	928,312,000
1931	28,285	736,309,000
Total for five years	104,478	\$2,661,819,000

Did you ever stop to think that business enterprises fail only when their liabilities are too great; when they are unable to meet their obligations, their invoices for the purchase of merchandise, their bank loans, the rent, and the pay roll on time. Each one of the 104,478 business enterprises which failed in this five-year period owed too much money!

The amount of liabilities always has a material bearing upon a concern's credit standing. Up to a certain point.

(Continued on page 117)

## Average Liability Proportions based upon 1931-1934 Balance Sheets

No. of Cases Studied 1931-1934		Current Debt to Tangible Net Worth	Total Debt to Tangible Net Worth
<b>RETAILERS</b>			
616	Department Stores	30.2%	64.7%
295	Furniture, Instalment	31.8	76.6
188	Lumber	24.9	57.3
422	Women's Specialty Shops	37.6	65.2
<b>WHOLESALEERS</b>			
286	Auto Parts & Accessories	34.9%	61.7%
214	Lumber	31.9	64.7
288	Paper	44.7	79.3
147	Plumbing & Heating Supplies	43.1	61.1
<b>MANUFACTURERS</b>			
122	Electrical Parts & Supplies	27.3%	74.4%
119	Fruits & Vegetables, Cannery	63.0	105.5
197	Furniture	30.0	58.2
120	Hardware & Tools	19.9	44.3
126	Hosiery	27.5	61.4
141	Leather, Tanners	36.3	64.2
131	Paper	27.4	65.9
100	Paper Boxes	18.8	61.7
415	Shoes, Women's & Children	39.1	70.2

**Current Debt** is the total of all liabilities due within one year from statement date including current payments on serial notes, mortgages, debentures, or other funded debts. This item also includes current reserves such as reserves for taxes, and reserves for contingencies set up for specific purposes, but does not include reserves for depreciation.

**Total Debt** is the sum of the current debt and any long term debts such as mortgages, bonds, debentures, serial notes and gold notes.

**Tangible Net Worth** in the case of proprietorship is the capital; in the case of copartnerships it is the net worth; in the case of corporations it is the sum of capital, surplus and undivided profits; and in all cases it is less any intangible items carried in the assets such as good-will, trade marks, patents, copyrights, leaseholds, mailing lists, treasury stock, organization expenses, and underwriting discounts and expenses.



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*Supervision... 4 1/2 Years Old... 100 proof*

*Blended SCOTCH 86.8 proof Blended IRISH 90 proof*

*COGNAC 82 proof JAMAICA RUM 90 proof*

ORDER or stir up your Martini with Gilbey's Gin, and you are on the way to a perfect cocktail. For other mixed or straight drinks—Manhattans and rickeys, juleps, old fashioned, highballs and sours—National Distillers produces in America and brings from abroad, whiskies of the finest quality and unsurpassed repute. We provide, also, a comprehensive selection of wines, liqueurs and cordials.



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# WHO SERVES PROGR



*Thanks to the early cotton gin, one man could clean 300 times as much cotton as he could working by hand. But instead of abolishing jobs, that invention multiplied them by thousands — on plantations, in New England's busy mills, on the sea — for when production costs came down the whole world began to buy.*

## MULTIPLYING JOBS BY MULTIPLYING OUTPUT

Men are busy today along the production lines, because what happened 143 years ago in the case of the cotton gin is still happening in modern America. As improved machinery brings down production costs, more people are able to buy — more jobs are created — more men are put to work at good wages meeting the increased demand.

## **THINK**—is the World completed?

Look about you—in your own America today—what do you see? Progressive industry everywhere offering new and better wares. Countless communities needing new homes by the thousands. The railroads, speeding time and obsoles-

cence, with amazingly efficient new trains. Millions of people wanting or needing something new. Seeing all this, why *think* as if the world were completed, as if there were nothing more to do! Why consider dividing wealth—why not multiply it? Why talk of “stabilizing”—why not go forward?

# YOUR MONEY GOES FARTHER

CHEVROLET PONTIAC OLDSMOBILE



# ESS SERVES AMERICA!



Why worry about fewer hours—why not make more jobs? Why think of producing fewer things at higher prices for fewer people—why not produce more things at lower prices for more people? Never was there a time with more limitless possibilities for men of vision, courage and resourcefulness

than now. In the new things needed, in the new industries being born, in the rebuilding of the vast production plant of our country—in these are opportunities for increasing employment, for producing new markets and new wealth, for serving progress, greater than America has ever known!

## IN A GENERAL GM MOTORS CAR

BUICK LA SALLE CADILLAC





# The Government "Discovers"



ILLUSTRATION BY O. KURLER

**F**ORTY-SIX years ago, Congress passed the antitrust law, which was judicially determined to apply also to consolidation of railroads.

Sixteen years ago, Congress reversed its position, removed the old obstacles to bringing railroads together and even passed a law to encourage, direct and all but compel consolidation.

Three years ago, and 13 years after

passage of the act intended to speed up consolidation by the hot-house process, a new shibboleth arose in the transportation world—"Coordination." And so, in familiar fashion, it was decided that, to obtain the full measure of coordination without delay, there "ought to be a law." And there was a law, full of good intentions.

But this is not an article about rail-

road consolidation or coordination. It is about planning and direction of business by government. Many minds find something comforting, almost fascinating, in contemplating the vast collective wisdom of the state applied to the running of business, with the organized authority of government to insure that it shall be run according to the public plans. To those impatient of the old process of trial and



# Coordination

BY ROBERT HENRY

AMERICA has become the land of the panacea. Hosts of eager prescriptionists seek to cure the nation's ills with plain and fancy remedies. With feverish zeal they

rush into what they believe is uncultivated ground only to find that the people in their individual social and economic explorations have been there before them

error, this seems a simple way to solve the problems which baffle business brains.

Business brains, as every one knows, lack omniscience and disinterestedness of the sort which the theory of public economic planning ascribes to those individuals clothed with the authority of government. Business men guess wrong rather frequently. They even admit it themselves, and if they didn't admit it, the figures on the losses which are an inescapable fact of our so-called profit system would prove it.

Why, then, should the planning and direction of business be left in the hands of such self-confessed gropers? True, the result of their profit-seeking gropings has been a development and distribution of material goods and ownership undreamed of elsewhere or in other times. But why

should not the amelioration of the human lot now be speeded up by turning over the planning of production and distribution to those who profess to know, those who are far enough removed from the actualities of the daily struggle to see problems whole, and to see them clearly?

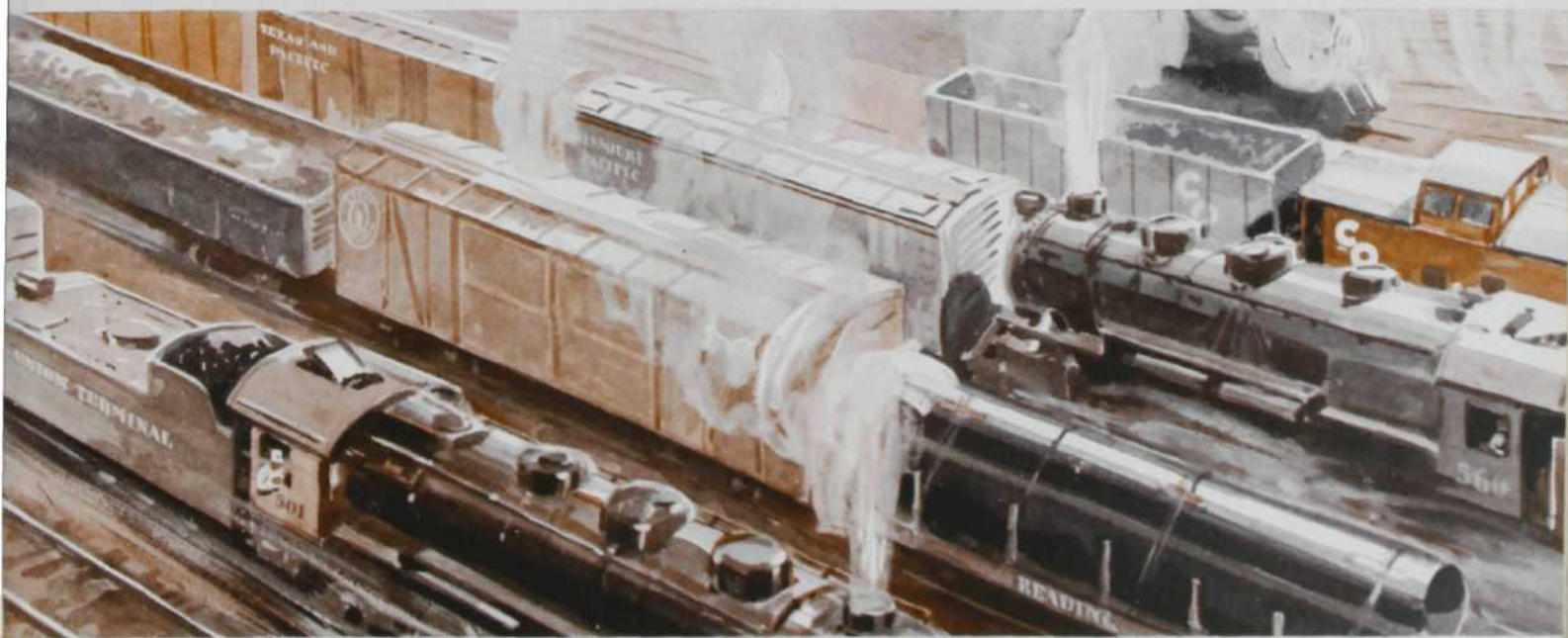
So runs the argument of those who pant and thirst for quick ready-made advance in some direction—any direction almost—toward which the popular prescription for whatever ails us points at the moment. The argument appeals to our American belief in the wonder-working powers of statutory enactment, our conviction that to meet any situation whatsoever we must have a law.

Whereupon there is, usually, a law—which, as often as not, works its wonders in reverse. The planned march of business, moving forward

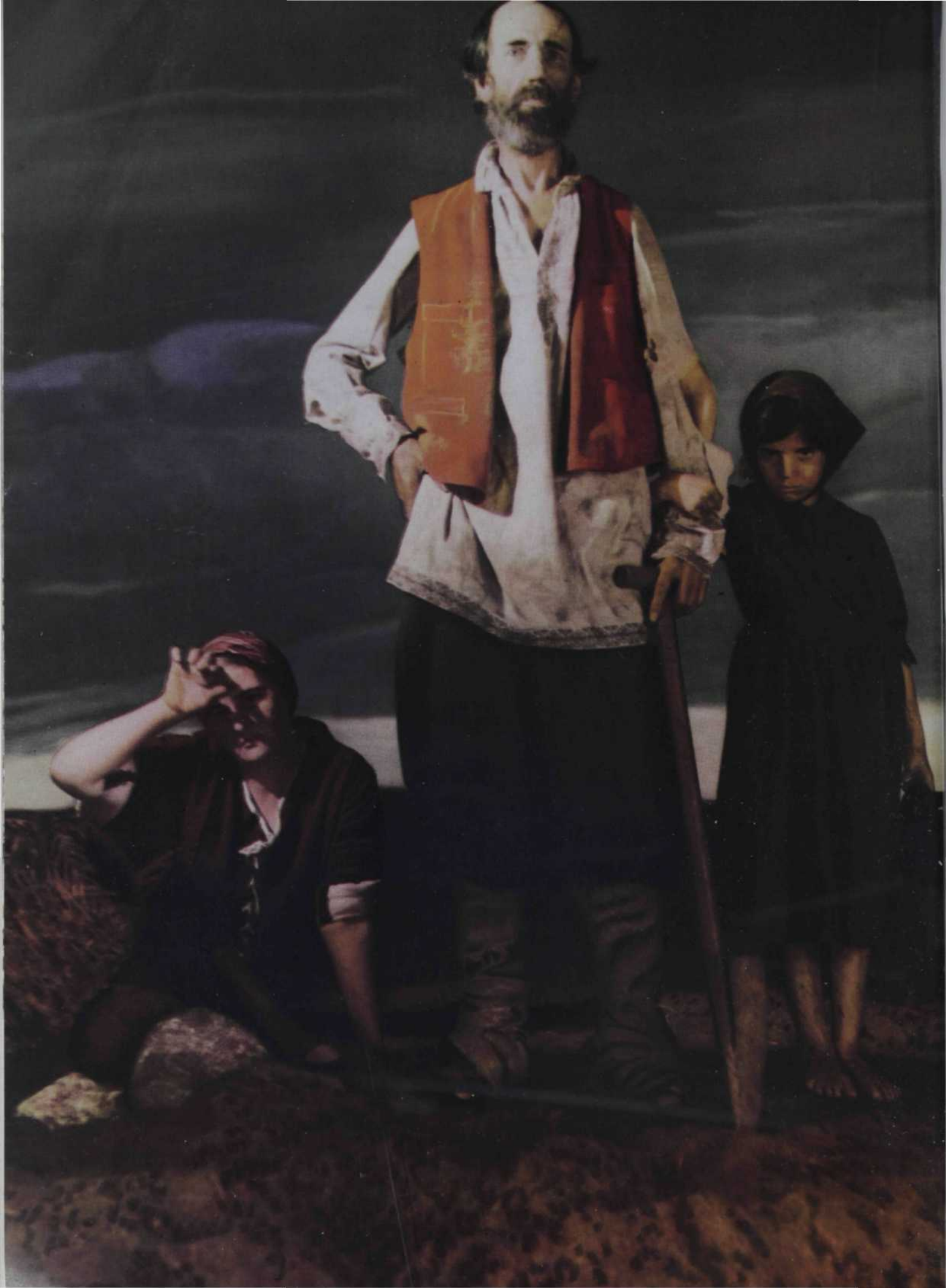
all in step toward the goal defined by the high command of government, has a most annoying way in practice of developing into such flustered flutterings as those of the late NRA, or such contradictions as an agricultural planning which spends tax-collected funds to retire certain acres from cultivation, the while it uses other tax funds to reclaim other acres for the plow.

These unhappy failures to bring to order either Dame Nature or her difficult child, Human Nature, are excused by those convinced of the superiority of government planning on the ground that they were mere emergency efforts, hastily devised to meet emergency situations. In the transportation field, however, government has long exercised an unusual authority, not through temporary or-

*(Continued on page 73)*









# "You can't fool us! We're the World's most fortunate people!"

*An American reporter interviewed a typical family in a dictator ridden European country, from which liberty had been banished. Hands gnarled from bitter toil, cheeks sallow from privation, clad in tatters...this family looked at our reporter with genuine pity. "You are an American? How sad!" they said. "We know that hundreds of your people are being shot monthly by capitalist controlled police. We know that thousands of your workers are dying from hunger. We know that no one in your country has the comfort or the security we have. We know that, in all the world, we are the most fortunate of people. We know all these things because we read them in our newspapers, which speak the truth because our government publishes them!"*

FANTASTIC?...Not at all! That family can be found in several countries today, where leaders—lustful for power, have learned the force that lies in ability to control or to fabricate what passes as news.

Dictatorship thrives on studied misrepresentation. It can't exist where the average citizen is given an accurate picture of local and world affairs.

Herein lie the strength and the hope of America. This country is no Utopia; it makes many mistakes and tolerates many temporary injustices. But, thanks to an unshackled press and the right of every man to speak his mind...this nation is never long in the dark concerning its shortcomings and maladjustments.

Here, in this country, the people may learn the facts. Knowing them, and once aroused, there is no illness—political, social or economic—our people cannot ultimately cure by the orderly and wise action of their own system of government.

Today, with democracy under fire, the Scripps-Howard Newspapers pledge themselves anew:

First, to give their readers clear, impartial, accurate news on both sides of every vital question.

And second, in their editorial pages, to outline with tolerance and logic their concept of the nation's wisest course.

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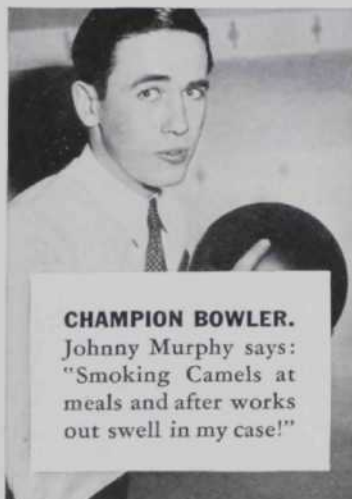
**AFTER THE GREATEST FINISH** under fire in golfing history, Tony Manero gets set for hearty eating by smoking Camels. He won the 1936 National Open with a spectacular 282. His digestion stands the strain of the long grind because, as Tony says: "I'll go on record any time as one who thanks Camels for stimulating digestion. I feel cheered up while I'm eating—enjoy my food more—and have a feeling of ease afterward when I enjoy Camels along with my meals. Camels set me right."



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**WHETHER YOU ARE  
CATCHING A QUICK BITE  
OR DINING IN STATE—**

*"for Digestion's Sake  
—Smoke Camels!"*



**CHAMPION BOWLER.**

Johnny Murphy says: "Smoking Camels at meals and after works out swell in my case!"

**W**ITH healthy nerves and good digestion, you feel on top of the world.

When you smoke Camels with your meals and after, tension is lessened. The flow of digestive fluids speeds up. And alkalinity is increased. For "lift" and "for digestion's sake," the answer is Camels. Camels set you right!



● Camels are made from finer, MORE EXPENSIVE TOBACCOS...Turkish and Domestic...than any other popular brand.



**"WHAT A PLEASANT  
aid to digestion Cam-  
els are!"** says this busy  
homemaker, Mrs.  
Charles Sickles.

**COSTLIER TOBACCOS**



(Continued from page 69)

ganizations hastily summoned together, but through permanent agencies of long experience and with high ability and integrity, dealing constantly with continuing problems.

But even in the field of transportation it is obvious that government has not achieved, even among its own agencies, a unified and coordinated policy. Which, again, advocates of universal public economic planning may explain away on the ground that the transportation picture has developed rapidly, more rapidly than government could develop and change its policies.

And so it has—although in that transportation is not peculiar. An essential of business in America has been opportunity to grow and change.

### A trial of planning

IN ONE field of transportation, government has had, for almost half a century, an opportunity to exercise its authority to bring about planned coordination. During that period there has been government planning as to railroads, in great plenty and contradictory variety. There has also been vast progress in unification and coordination—more of it than almost any one realizes—but the coordination has come about, not because of the public plan but sometimes, even in spite of it. Can it be true that, even in this one segment of business, public planning does not always work out according to expectations? And if not, then what can we expect from a state called on to plan and direct the doings of the whole vast complex of business?

Coordination and unification had been going on among railroads for more than three-quarters of a century before it became the subject of specific statutory encouragement. It has been, almost from the beginning, an effective principle in the development, not only of the railroads, but of the whole scheme of American commerce. The earliest railroads were built independently of each other, in most cases without even physical connection. At the terminus of each line, freight and passengers were transferred across town to the beginning of the next railroad, and so on to destination—if the passengers were hardy and the freight of sufficient value to carry the charges for rehandling and teaming at junction points. Otherwise the passengers stayed close to home and the freight didn't move.

The common sense of railroad men, shippers and passengers set to work to remedy that condition. As early as 1838, three little railroads between Philadelphia and Baltimore coordi-

nated their operations to provide through service, even though part of it was by ferry. When the several railroads between Buffalo and Albany and between Boston and Albany agreed to connect operations, early in the next decade, the American method of coordination for continent-wide service was well launched.

Even such elementary bits of coordination met with difficulties and



opposition. Teamsters, hotel keepers and officials of the junction town resented a step which deprived them of lucrative local business and employment. As late as 1853, rioters blocked the joining of track in the town of Erie, Pa., while right through the Civil War the town of Petersburg, Va., refused to allow the railroads to connect through its limits.

### Coordination made progress

BY Civil War times, however, coordinated service had gone another step forward with the introduction of through freight lines, connecting distant cities over several railroads with unbroken service. Such an arrangement was a strong reason for standardizing the varying widths of track, a result which was finally accomplished with the adoption of standard gauge for all sections in the middle 1880's.

By that time, of course, growth of interchange between railroads had made necessary coordination in all sorts of directions. Time, for instance, was reduced from the 52 varieties in use before 1883 to four standard hour-wide zones. This was planned and done by railroad cooperation alone, without aid of government and, until 1918, with no sanction of statute law. Car couplings, for another example, had to be made to work with the coupling on either end of any car on any railroad, and were made to do so by cooperative action of the railroads themselves.

Brakes and wheels and a host of mechanical parts which the traveler never sees and hardly knows to exist,

were standardized so that a car away from home may be repaired wherever it is found. Interchange methods and accounting practices were coordinated, also, to keep track of the great host of freight cars going everywhere, and to collect and divide the revenue they earned.

This amazing free flow of commerce in the freight cars of this continent has been described as a "daily miracle of industrial coordination," and so it is. But like other industrial miracles with which we are surrounded, it came to pass so gradually and so naturally through the processes of business that it was neither noted nor understood. And so the curious notion found lodgement in many minds that railroad executives were somehow peculiarly averse to saving money through coordination and must,

therefore, be shown how and, if necessary, compelled by government, to do so.

Coordination frequently paved the way to consolidation, of course. More than 700 railroads became the Pennsylvania Railroad as we know it now. More than 600 became the New York Central System. The same process went on in the growth of other systems. Each grew according to the demands of the public whose business it sought to serve. Demands which called for growth in effective distribution were sensed and met by those responsible for business results long before the political doctors of economics got around to recognizing them.

### Congress reversed itself

AND so the business process of consolidation went on, fast or slow, in good times and in bad, as far as the law would allow, until by 1920 even the political attitude became one of enthusiasm for the idea of consolidation.

Having frowned on it for 30 years, Congress passed a law to encourage the grouping of railroads into a limited number of systems and laid down elaborate rules and requirements as to how the mandate should be carried out.

Under the new law, railroads were not left to work out the proper groupings themselves, subject to the approval of the Interstate Commerce Commission. Impatient to hasten progress toward an ideal national rail pattern, Congress directed the Interstate Commerce Commission to de-



vise and lay down all at one time a complete plan for a few great systems into which all railroads were to be fitted.

The Interstate Commerce Commission did not ask for the job. Knowing the difficulties ahead, the Commission was reluctant to attempt such a summary wholesale rearrangement of the rail systems, but the mandate of Congress required that the task be undertaken. So it was undertaken.

The Interstate Commerce Commission is as able, devoted and impartial a public body as any scheme of government is likely to produce. But the task imposed on it was simply beyond the possibility of satisfactory performance.

After all, the human brain is not yet up to grasping and solving all at one time a problem of such almost infinite facets as that of remaking the railroad map at a stroke.

### Plans made by experts

THE plans for a general regrouping of railroads under the Transportation Act of 1920 were carefully prepared by disinterested experts, who had the advantage of testimony and exhibits submitted by all parties at interest.

The intent was to regroup railroads in large systems of fairly equal competitive strength, to obtain the supposed economies of large scale consolidation, to retain the advantage of competition, and to preserve the so-called "weak roads" by combination with the "strong," all to the public benefit. Since, however, hardly a system as outlined would have developed according to its predicted course had the plans been put into effect, everybody seems to be willing to let that particular bit of public economic planning go by the board.

As yet, however, railroads were free to work out coordination and unification of facilities and services without the prescription of statute law or public planning. The same sort of gradual, bit by bit, coordination which had been going on for a century was still in progress. The achievements of this process had been considerable, as was demonstrated not only by the daily flow of coordinated commerce over the continent but by the fact that, according to incomplete reports of the American Railway Association, there were some 25,000 miles of line in the United States on which more than one carrier operated trains; some 700 large bridges jointly used; and some thousands of joint freight and passenger terminals, stations, shops and other like facilities.

Moreover, new joint arrangements were constantly being made where

they seemed to justify themselves. Coordination of railroads was not complete, as no doubt it never will be so long as we preserve individual initiative and tolerate differences of opinion, but the railroads were quietly getting together where it appeared that money might be made or saved.

### Hastening coordination

CAME 1933. Without serious objection from the railroad world, Congress passed an Emergency Transportation Act. Among other things it created the office of Federal Coordinator of Transportation, whose chief job was to lead, speed, and, if need be, push the railroads toward the goal. The cost of the work was to be borne, not by the taxpayers in general, nor by transportation as a whole, but by the railroads, through a special annual tax of \$1.50—later \$2.00—a mile.

To the office of Coordinator was appointed an experienced public servant of the highest standing. He found interrailroad committees in various sections already at work on the same problem. These committees, among them, had about 5,000 projects under study. These projects were taken over, coordinating committees were appointed, an expert staff was assembled, additional studies were undertaken, a vast amount of information collected, and numerous reports were published.

But out of it all came exceeding small results in the way of actual coordination; less, it is said, than in any other three years of railroad history. For that fact there is a peculiarly governmental reason. The same law which told the railroads that they should, and even must, coordinate also told them, over their own objections, that they must not coordinate if this action would displace men employed when the act was passed. The Federal Coordinator ruled that this prohibition included not only coordinations initiated under the act itself but also those previously under study. The railroads accepted the ruling—and the Coordinator, in his own phrase, found himself not a "doer of deeds but a prober of possibilities." The very probing of these possibilities rendered more remote the chance of translating them into deeds.

Public planning, by its very nature, must be done publicly. Few business transactions would ever be consummated if negotiations had to be conducted through the columns of the newspapers.

But for the exaggerated advertising given to the word, railroad coordination doubtless would have continued on its uneventful way, a local

matter to be worked out in detail by those immediately concerned. Instead, it became a great national question. Estimates that hundreds of thousands of workers would be displaced by coordination projects were made and accepted. Men who feared that the long decline in railroad employment would be hastened by such steps objected, quite naturally, just as the teamsters and inn-keepers of the old-time junction points had objected to being coordinated out of their work.

So long as the Coordinator law was in force, these objections were sufficient to block action.

And so, by force of the very law which was passed to promote it, railroad coordination was brought to full stop for the first time in a century. Moreover, agitation of the question brought about the introduction of a bill in Congress to prohibit permanently any coordination which decreased employment. This law threatened to make impossible even the ordinary seasonal changes in operating services or forces.

But once again private initiative stepped in. Managements and men of the railroads, after weeks of negotiation, cleared the way to continuing coordination, with an agreement on most railroads for compensation to protect men displaced by such projects. Responsible railroad managements again set up their committees to work out the problems and possibilities in each region—and the old process of step-by-step coordination which made possible the continental commerce of this country is being resumed.

### Public planning is uncertain

IN THE special field of railroad coordination and consolidation, then, it is obvious that public planning does not always produce the result aimed at. In the wider and more difficult field of coordination of transportation in general, there is little plan and still less result, particularly as the various arms of government seem to be unable to coordinate themselves.

As an example, the special committee of the Public Works Administration to survey the possibilities of the Mississippi Valley, in its report of December, 1934, recommended the unification of transport in the valley in a coordinated system.

In the same report, discussing the Upper Mississippi River, the Committee reported that "it is not possible by any calculations of business accounting to discover an economic justification for the vast expenditures on the projected improvement of these waterways."

(Continued on page 85)





## WHITE ZOPAQUE . . . FROM INDIA'S STRANGE BLACK SANDS

● Great undersea mountains, swept by the typhoon-driven Indian Ocean, yield the strange black sand known as ilmenite. Cast upon the shores, it is gathered by natives and transported to Glidden-operated chemical plants in the United States.

● By patented processes the black ilmenite is transformed into white Zopaque, a pure titanium dioxide possessing the highest opacity of any known substance. Glidden revolutionized the paint industry by adapting the remarkable properties of Zopaque to paints, lacquers and enamels, making these Glidden products outstanding in their powers of covering, hiding, and durability.

**GLIDDEN**  
*Everywhere on Everything*

Zopaque is finding a continually growing demand in the manufacture of paper, soap, cosmetics, inks, floor coverings, shoe and leather dressings, plastics, rubber, ceramics, etc. Zopaque contributes to the beauty of rayon and other popular textiles.

● For 75 years, the Glidden name was famous for its widely-used quality paint products alone. But today, in the field of international commerce, the Glidden name is directly associated with many widely diversified industries, supplying essential products in large volume to the manufacturing and consuming trade of the entire world.

THE GLIDDEN COMPANY • Cleveland, O.

The Glidden Company, manufacturing Jap-A-Lac, Speed-Wall, Ripolin, Florenamel, Endurance House Paint, Glidden Spar Varnish, and a complete line of home and industrial paints, varnishes, lacquers, enamels. ● Also owning and operating the following: Euston Lead Division, manufacturing Euston White Lead. ● Durkee Famous Foods Division, manufacturing Durkee's Famous Dressing, Dunham's Coconut, Durkee's Spices, Durkee's Shortening, Durkee's Worcestershire Sauce, etc. ● Chemical & Pigment Division, manufacturing Astrolith and Sunolith Lithopones, Cadmium Reds and Yellows, Titanolith, Titanium Dioxide. ● Metals Refining Division, manufacturing MRCO Grid Metal, Mixed Metal, Wilkes Type Metal, Metrox Red Lead, Cuprous Oxide, Copper Powder, Litharge. ● Soya Bean Division, manufacturing Lecithin, Soya Bean Meal, Oil, Flour and Protein. ● Nello-Resin Division, manufacturing Nello-Resin, Turpentine, Rosin.





The Holdrege Sod Busters use this initiation machine to inoculate new members with the serum of community patriotism. And the crowds love it

# Casting Bread Upon the Waters

BY SHELDON WILLS

WHEN Holdrege, Nebraska, decided to "do something about business," it chose to use a method that was as novel as it was successful

THERE was a pause—brief—almost breathless. Two thousand pairs of eyes focused intently upon the man who stood for an instant with motionless, upraised hands. Those sensitive hands moved into life in an authoritative, compelling gesture. The Philadelphia Orchestra began the Prelude to Lohengrin.

Leopold Stokowski personally was directing this famous musical organization in a complimentary number to an audience which filled the auditorium, not of a metropolis, but of a little prairie town in southwestern Nebraska. Although it was raining, many of the listeners had driven to town over dirt or gravel roads. A number of them had driven as far as 60 miles.

For the most part they were country folk, or people from the small country towns—men more used to a barnyard chorus than to the crescendo of blended strings and brasses;

women more familiar with the hum of a cream separator or the clatter of dishes than the thunder of kettle drums or the crash of cymbals.

Stokowski and the Philadelphia Orchestra were appearing in Holdrege—population, according to the census, 3,263. With the exception of Omaha, boasting 214,006 people, Holdrege was the only town in Nebraska to hear the Philadelphia Orchestra.

An event for a little town! But Holdrege—as Nebraskans and others will tell you—has been producing events for a decade or two.

Let us go back into the years.

It is a hot night in late June—what Nebraskans call a "corn night." Four men are foregathered about a table in the room housing the Holdrege Commercial Club preliminary to a meeting called for the purpose of "doing something" about business.

In this section of Nebraska, a land of fitful rainfall, whose people have achieved the miracle of living on "Next Year," the prosperity of the town and countryside always depends on making a crop.

For Holdrege business men, the cultivation of new consumer fields for their goods was as necessary as the farmers' cultivation of fields for





## *Through the night to banish worry*

UNDER a black and dour sky a motor car heads for the hills. In a remote factory town a main steam-header has exploded, spreading destruction in the engine room. Roused at midnight by a call from the owner, the Hartford Steam Boiler inspector speeds to the plant—to size up the trouble, give his counsel, pledge his Company's aid in helping to get machines back on schedule and men back on jobs!

Emergency action is all in the day's—and night's—work for Hartford men, in keeping with the Company's tradition. They are always on hand when wanted—always near enough to aid

when trouble comes fast. No factory is far from Hartford Steam Boiler service; no power-plant problem is so complex that it cannot be met by Hartford ingenuity, energy, experience.

Hartford Steam Boiler serves American industry in a dual role. It *insures*—against direct damage loss from breakdown and explosion of power equipment, and against the business interruptions they cause. It *protects*—by inspecting periodically all such equipment, that disaster may not strike.

Your power plant, large or small, is the heart of your business. If it stops, all stops. Hartford Steam Boiler will

guard it for you . . . as it now guards nearly half the nation's insured power equipment. Have Hartford lift *that* worry from your shoulders!

• • •  
This familiar seal, the hall-mark of the largest purely engineering insurance company in the world, appears on all Hartford Steam Boiler policies. . . . Engineering insurance covers loss from damage to property or persons, and stoppage of production, business or rents due to explosions of boilers and pressure vessels, and accidents to power and electrical machines. . . . Ninety per cent of all power boilers built for America's industrial plants bear the HSB imprint, placed thereon by the Hartford inspector who passed upon their design and watched their construction.



**THE HARTFORD STEAM BOILER INSPECTION AND INSURANCE COMPANY, HARTFORD, CONNECTICUT**



crops. These four men had been discussing the situation.

"The thing to do," said the man in gray, stirring to animation, "is to sell this town to the people as the trading center of Southwest Nebraska!"

He eyed the others with something like shrewd belligerence, parked his half consumed cigar on an ash tray.

### Selling for the years

"AND by selling this town," he continued, punctuating his remarks with little taps of nervous fingers upon the table, "I don't mean with a lot of ballyhoo sales at cut prices to swallow profits. They are only a temporary expedient. I mean sell Holdrege as the liveliest, cleanest, most progressive small town in Nebraska. Let's cast some bread upon the waters. Let's build business by building the town!"

The man who voiced this thought was one of the successful merchants of Holdrege. The three men he addressed were a grocer, a druggist and a dry goods retailer.

Following the little silence which

ensued, the druggist asked bluntly, "How're you going to do it?"

"That's the idea," put in the grocer.

"What's this bread you intend to put on the waters?"

"Give the people of this community something to hear or see that 90 per cent of them would never have the opportunity to hear or see in a lifetime," said the man in gray. "It can be done if every one of us gets behind the idea—gives his time and maybe a little money—and has the guts—to attempt something only cities put over. We've had sale artists, carnivals, contests. Let's get out of the beaten track."

"For instance?" prompted the dry goods man. "Just getting crowds in town doesn't mean sales."

"I'll say it doesn't," agreed the druggist with a wry grin. "Look at last circus day. Rotten business and a town full of people."

"That's right," the man in gray said. "But we're thinking along different lines. The thing is to sell Holdrege as a good place to trade all the time—not merely on a celebration day. Make people think *Holdrege* when they've got something to buy."

"There's no suitable place here to put on a big attraction," the grocer objected.

"Then let's get one. Let's build a city auditorium," suggested the man in gray.

"You're talking money!"

It came in a chorus.

"Well, money talks, too," smiled the originator of the idea.

"How will it be financed?" queried the dry goods man.

"As a stock company. Sell the idea to our people—then sell them stock to build the auditorium. Charge a rental for all attractions to pay expenses."

The suggestion was considered in silence.

### Something out of the ordinary

"I KNOW what you're thinking," the man in gray went on. "You're thinking that our people are more interested in the possibility of a crop—the price of corn, wheat, live stock—that culture is a word foreign to their language. But if I know anything about human nature, our folks will flock in to something out of the ordinary. Let's give them something to

talk about. And when they start talking they are going to talk about this town, advertise it as a town that does things."

"What'll we give 'em?" asked someone in the group.

That word "we" heartened the man in gray. "Well, how about Sousa and his band?" he asked with a sly twinkle in his eyes.

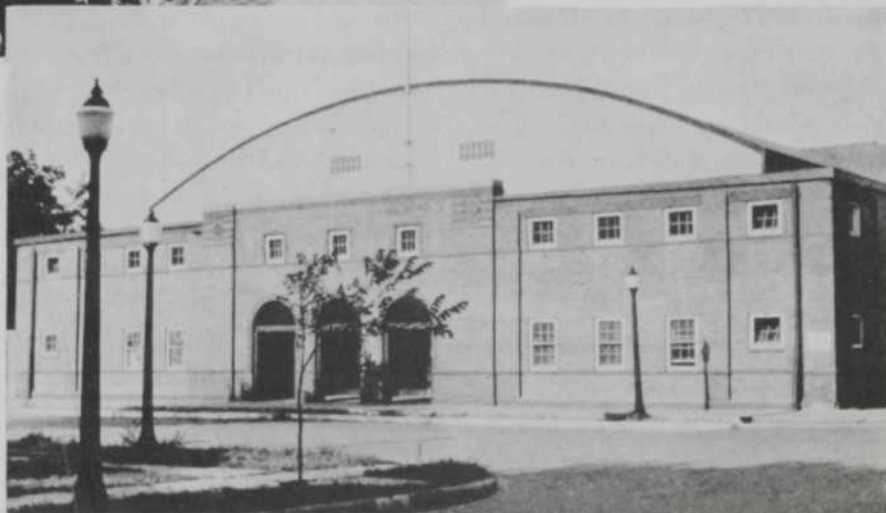
"Sousa! It'll cost a fortune to get him here," the grocer objected.

"I said it would take guts. Guts and headaches and work—and maybe a little money—but I'll lay you two to one that we could pack



They built the town to build business—not business for one day but business over a spread of time

The brick auditorium seating 2,000 was the first step in making the town known as a "place that does things"







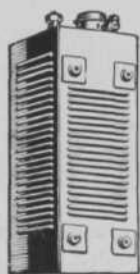
## Three men who think alike !

The three most gruelling services under which industrial storage batteries operate are, acting as standby for lights and air-conditioning on railroads...propelling mine locomotives...furnishing power for material-handling trucks in a steel mill.

These three services completely agree on one battery. Railroads are continually putting more Edison Batteries into their air-conditioned cars. Mining is putting more Edison Batteries into its locomotives. And in the steel industry, the automotive industry, in fact, every industry where the duty cycle is heaviest of all—more of the material-handling trucks use Edison Batteries than all other kinds of power units put together. In Mexico, Canada and the United States, nine out of every ten miners' cap lamps now use Edison Batteries.

It comes down to a matter of principle. Because they are built of steel and use an alkaline electrolyte, Edison Batteries are not subject to unexpected failure...their performance is predictable...and they are much lighter in weight. They overcome such ordinary battery limitations as sulphation, short life, cracked plates and deterioration during idleness. The Edison, to repeat, has these advantages exclusively; all other storage batteries made in this country use the lead sulphate principle.

As the demand for more production increases, the demand for Edison dependability naturally grows correspondingly. It keeps equipment in operation without hold-ups and speeds production. Edison Storage Batteries available in sizes and capacities for every heavy-duty service.



# Edison STORAGE Battery

DIVISION OF

THOMAS A. EDISON, INC., W. ORANGE, N. J.



# TRADE SALARIES FOR ONE MONTH WITH YOUR JANITOR



## Could You Make The Grade?

Try to imagine it—\$150 let us say, is all you may have this month. Could you and your family possibly live? Pay \$35 rent, then portion out the balance into food, light, heat, children's and wife's clothing, your clothing, personal allowance for each, entertainment, savings, transportation, insurance, payment on the car.

After you'd figured down to about the fourth item—and spent all the money—you'd conclude that your janitor, or his wife, was a pretty smart person to keep going and raise a family on what would be mere pocket money to you.

And you'd be right. Millions of families live well on \$150—except for the emergencies that always happen—death, birth, sickness, accident.

## Can You Borrow Without Collateral?

Then the American Family must have a place to go to get cash quickly on their earning ability—they have nothing else to get it on. Eighty per cent of our people have no bank credit.

Half a million families borrowed from Household Finance last year. Most of these families gladly accepted the help of our "Doctor of Family Finances"—budget charts, money management booklets, better buyman's helps—and went back to the struggle of living on a small salary with fresh hope. Thousands *did* learn so much and applied it so well that for the first time their finances are now on an even keel.

## The Inside Information—Free

You'd certainly be interested to know the details of how we help a \$150-a-month family make the grade, what surprising helps and resources they can reach out for. Samples of the books they use will be sent in response to this coupon.

HOUSEHOLD FINANCE CORPORATION, RM. 3052K  
919 N. Michigan Ave., Chicago, Ill.

Please send me, free of charge or obligation, a sample copy of the Home Money Management booklets you distribute to families to help them get a fresh start financially.

Name.....

Address.....

City.....State.....

the auditorium—if we had one—with Sousa's band."

Another little silence fell.

Footsteps were heard on the stairs.

"Well, the others are beginning to come," said the druggist. "Put the idea up to the club. I think we've got the guts. And one more headache won't be noticed among the many we already have."

The proposition of building an auditorium was put up to the club. Like all projects, it took time and hard work and headaches. Today a brick auditorium seating 2,000 stands as an example of what a small town can accomplish with vision—and sweat.

In this auditorium the people of southwest Nebraska have listened to Sousa's band. They jammed it to the doors to hear John McCormack sing, when McCormack's name was tops in music. They heard Galli-Curci, too, among the musically great. And one night they heard Frances Alda.

The singer, arriving a day earlier than expected, unheralded, strange to this little dusty town, stepped across the street from the depot to a small hotel and asked for a room with bath. The hotel boasted no such luxury and Madame Alda was shown to a small room still unmade since the departure of a former occupant.

Fire kindled in Frances Alda's dark eyes as she surveyed that unkempt room with its white iron bed, tumbled bed clothes, its one straight chair.

In dudgeon she turned to her secretary, announced her intention of cancelling her contract and leaving on the next train.

There was a great scurrying about by those in charge of the concert when Madame Alda's presence in town and her determination to leave were known. The auditorium was sold out. Some way, somehow, the singer must be persuaded to remain.

The hospitality of one of the town's gracious homes was placed at Madame Alda's disposal. Eventually she decided to remain. She departed after her appearance before a crowded house, with a regret personally expressed to the community from the stage of the auditorium.

## Getting a modern hotel

IT MAY have been the recollection of this singer's experience, as well as the need voiced by the leather lungs of commercial travelers, that caused the building of a modern hotel some five years ago, financed in part by local business men taking stock in the hotel property. From a room on its sixth floor, a room equipped with ceiling fan, circulating iced water for drinking, bed lamp, bath, one seems to see all of southwest Nebraska leading off to the far horizon.

"Say, that town of Holdrege does things!" people began to say to one another. "I hear they've got Ben Bernie to play for a dance."

And not only Ben Bernie, but Herbie Kay and Eddy Duchin. People drive from as far as 100 miles to dance to these and similar orchestras in this little Nebraska town.

Farmers and townspeople found that fine music, inspiring addresses and entertainment took them out of the drab days of a too ordered mode of living—gave them a glimpse, if fleeting, of the great world beyond their immediate horizons.

When the automobile grew in favor and numbers, a combined Automobile and Fashion Show, done in typical city style, became one of the spring high lights. It drew throngs to town, and again people remarked that here was a town that did things.

Before the talkies came, and before a regular motion picture house was established, popular films were



This float in the Pageant of Progress was dedicated to the grasshopper plague that hit Nebraska in 1874



shown one night each week in the auditorium.

The concerts, the dances, the various entertainments were planned and publicized to pay their way. Only the hard work and the headaches were contributed. If a loss was taken on one attraction, it was balanced by a profit on another. And so through the years this small Nebraska town has earned, and maintained, a reputation for doing things that other towns would not consider.

Building the town to build business has resulted in public buildings that are architectural gems. Stores are modern, well stocked. During the lean years of the depression with its recession in sales volume, it is easy to approximate how much more this volume would have shrunk had it not been for the outlying fields of trade cultivated so thoroughly.

Even the lean years did not find enterprise withering or dying. Three years ago a new offshoot of the Commercial Club came into being, an organization appropriately called the Sod Busters. Under its auspices a Pageant of Progress celebrating Holdrege's Fiftieth Anniversary was presented, featuring the highlights of southwest Nebraska from the time of the trek of the Spaniards in their search for the fabled cities of Cibola to the early pioneering days, the coming of the railroad and eventual settlement. It was a three-day affair with plenty of fun sandwiched with the more serious side.

### Crowds can mean sales

**CROWDS**—of course! Good-natured, interested throngs, the oldtimers reliving many of the events the pageant depicted. There was plenty of time for shopping "between acts" and sales records show that crowds do mean sales providing the proper attraction is the lode star.

Building the town to build business. Bread upon the waters. Business not merely for one big day, but business over a spread of time.

In many cities a convention is just another convention. The delegates foregather, yawn through the business program, endure addresses and the inevitable banquet that marks the convention's close. Delegates troop homeward, their final impression being that it was "mighty hot," or "awful cold."

Last spring the P. E. O. Sisterhood held its forty-seventh state convention in Holdrege. Not since 1896 had the P. E. O.'s met in Holdrege. Save to hotels and restaurants, conventions are not uniformly directly profitable to other businesses. But here was to be a convention with an anticipated attendance of several



## CLEAR THE WAY !

*Choked-up* figures slow down a whole business

Figures pour over the desks of every business, every hour of every day. To keep them moving speedily, smoothly, and at low cost, has been Monroe's function for twenty-four years. Today, Monroe offers 197 different models: calculators, adding-listing machines, bookkeeping machines, check writers and signers. Each Monroe is compact enough to use right on the desk where figures originate. Each one has the famous "Velvet Touch" keyboard to take the strain from figuring. Whether you use one Monroe or a thousand, your investment is protected by a nation-wide figure service, operating through 150 Monroe-owned branches from coast to coast.

Try a "Velvet Touch" Monroe on your own figures. The nearest Monroe branch will arrange it without obligation. Write to us for a free copy of the booklet, "If Only I Could Work On Your Desk For An Hour." Monroe Calculating Machine Co., Inc., Orange, New Jersey.



**MONROE**

ADDING-CALCULATOR

Model LA-6. Portable, weighs only 16 pounds. Completely automatic multiplication and division.





T. L. Bland and two of the well-known Bland-operated hotels, (left) Hotel Charlotte, Charlotte, North Carolina and (right) Washington Duke Hotel at Durham, North Carolina.

## BLAND HOTELS STANDARDIZE ON IRON FIREMAN

AUTOMATIC COAL FIRING



Mr. T. L. Bland is one of the many thousands who know about firing and firing costs from first-hand experience. Anyone can safely rely on his judgment. He standardizes on Iron

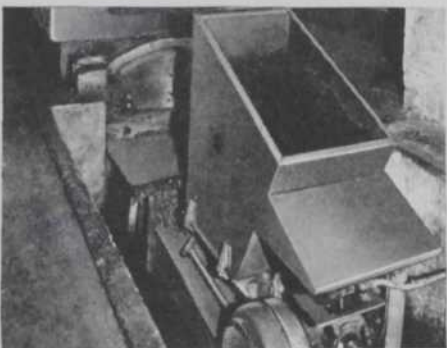
Fireman automatic coal firing equipment in the Bland-operated hotels. His fuel costs are 15% to 50% lower than with any other method he can use.

"Hardly less prominent than economy," says Mr. Bland, "is the evenness and accuracy of Iron Fireman performance. We regard Iron Fireman as indispensable and wouldn't consider going back to the old-time way of firing our boilers."

Savings from Iron Fireman stoker operation are tangible and definite. They pay cash returns of 40% to 100% a year on investment. What other investment can earn as much? Write to 3088 W. 106th St., Cleveland, Ohio for free firing survey and report, showing what Iron Fireman can do for you—what it will cost. All sizes from domestic furnaces up to boilers developing 500 h.p. Monthly terms. Quick installation. Iron Fireman Manufacturing Co., Portland, Oregon; Cleveland; Toronto. Dealers everywhere.

## IRON FIREMAN

the machine that made coal an automatic fuel



hundred intelligent women. The directing heads of the Holdrege Commercial Club put the little gray cells to work.

"These P. E. O. women are an appreciative type," the president of the club said. "We have a chance to make them remember this town favorably. Let's help the local chapter cook up a program that will knock 'em cold. It won't cost much except for decorations. So let's get in and bat."

### Attractive decorations

THE convention opened. That night the principal streets of Holdrege were gay with spaced blazing stars, the emblem of the P. E. O. Society. No flags, no pennants—just the P. E. O. emblem outlined in electric lights standing out against the night sky.

"How lovely!" more than one delegate remarked. "Why, how lovely!"

And "How lovely!" came in a chorus when the yellow and white decorations of the auditorium met the eyes of these women.

The opening banquet, attended by more than 500 women, was served on the main floor of the auditorium by the women of a local church. This was followed by a shadow box pantomime presented by seven young matrons dressed

in the costumes of the 90's, and who, emerging from the box, relieved the highlights of that other P. E. O. convention held in Holdrege 40 years ago.

The town is the county seat of a county with a predominating population of Swedish descent. As a farewell gesture, the women of a Swedish church in a neighboring town served a typical Swedish Smörgåsbord supper.

Smörgåsbord means literally "bread and butter table," but at the small tables set for four, one had a choice of various Swedish delicacies—fish, meats, breads, with the inevitable coffee that accompanies every Swedish meal. Waitresses as well as members of the local P. E. O. chapter wore Swedish costumes.

Proceeds (delegates paying for their meals, of course) were given to the churches serving. Possibly each of these banquets would have been

just another banquet had it not been for the unusual element engendered by a little thought, the giving of a little time on the part of those interested in casting bread upon the waters.

Something was left with these women, something charming and gracious and beautiful.

"I have heard talk about the people of this town doing things," one delegate remarked, "but now I know just what was meant."

"What is left for us to do?" asked some one from Omaha. "We have the convention next year, and here is a pace hard to follow."

Bread upon the waters! Doing something in a different way. Not purely selfish at that, but doing it with a pride in the achievement.

"But there's many a headache to it," commented a Holdrege business man. "Many a headache. It takes showmanship, a knack of promotion, knowing how to reconcile factions—and then having the guts to take a chance.

"Right now we are negotiating to get Admiral Byrd here. I don't know whether we'll get him or not, but if you're going to play ball, play it big league, not sandlot. You'll get just as hard a headache over a comparative unknown as you will with the big fellows.

"And it's getting the big fellows that causes talk—that brings people in from this whole community not only to hear and to see the big fellows—but to trade.

"I've been in this game for a long time. I've had headaches along with the others. It's not all beer and skittles by a long shot.

"We've made mistakes, we'll make more. I

know that. No matter what efforts you make to build a town, you've got to have good stores, good goods, fair prices, to deserve and to hold business.

"Maybe we're not taking the easy way—maybe we're wasting a lot of good flour in sending this figurative bread out upon the waters, but there have been times when it was returned to us when we were wondering where the next meal was coming from."



H. ARMSTRONG ROBERTS



## Sixty Dollars a Month at Sixty

(Continued from page 34)

I was making money!

Mr. and Mrs. Jones arrived December 2. He was enthusiastic over the condition of the estate, hired me on the spot for the coming season! Mother and Mrs. Jones had discovered they had a lot in common and were on the terrace when we finished inspecting the estate.

Our baggage was packed and ready to move back to town. I had rented a room with a cooking alcove on a side street near the newsstand. Mr. Jones drove us to our new lodgings.

At the end of the season we moved out to the house again.

Now, I suppose some one will say:

"But in your title you imply you are living on \$60 a month?"

That is true. We actually *could* live on that sum. Any man of my age, and with the desire to be useful, would be foolish to try and live on so small a sum without augmenting it with moderate earnings. I cannot do hard work any longer, but I can work steadily at a number of relatively hard tasks. I don't mow the lawn of the Jones' estate any longer, but I know I could if it were necessary.

Mother and I are in good health. Once in a while we take a late spring or early fall trip to visit the children. We are guests in their homes rather than a necessary expense.

### Life is enjoyable

OUR months are interesting ones. The newsstand is open the year around and that keeps me occupied. We have the excitement of the Miami winter tourist season and the long days alone in the summer. We are enjoying life, getting the most from it, and it is being done at a cost ridiculously low. It really takes so little to live comfortably.

But what is more, we have proven to ourselves that even a very small amount of money coming in regularly can satisfy the simple tastes of elderly people. Many business men, when taking out annuity insurance, contract for several hundred dollars more each month than they can afford. Then, when misfortune hits them, they have to drop all of it.

I would advise every young man to start taking out annuity insurance in small sums. Take out a policy that will pay \$25 a month. *Keep it up!* When more money is received from



## THE BOILER BLEW



### 4 or 5 Boilers will blow up today

Will one of the 4 or 5 boilers that blow up every day be yours? If so, the chances are 20 to 1 that it is uninsured and uninspected. Why risk your business, your life itself in fact, when sound insurance inspection can minimize the possibility.

### Efficient Inspection Service Prevents Explosions and Breakdowns

Careful and thorough periodic inspection by "L-M-C" boiler experts assures you of the highest degree of safety humanly possible against explosion, cracking or breakdowns of machinery. It assures you, too, of utmost efficiency from your boilers and consequent low fuel consumption. You buy protection in more ways than one.

Policyholders state that the "L-M-C" boiler and machinery

inspection service alone is well worth the low cost of the policy.

### SUBSTANTIAL DIVIDENDS PAID POLICYHOLDERS

While securing this expert service Lumbermens' policyholders benefit through the annual dividends returned to them each year since organization.

Mail coupon for complete information on Lumbermens' inspection service and dividend savings.

## LUMBERMENS MUTUAL CASUALTY COMPANY

JAMES S. KEMPER, President

Home Office: Mutual Insurance Building, Chicago, U. S. A.

"World's Greatest Automobile Mutual"

DIVISION OF KEMPER INSURANCE

Lumbermens Mutual Casualty Company, Mutual Insurance Building, Chicago, Ill.

Please send me, without obligation, information about Lumbermens' service and savings on boiler insurance.

NB-8

Name.....

Address.....

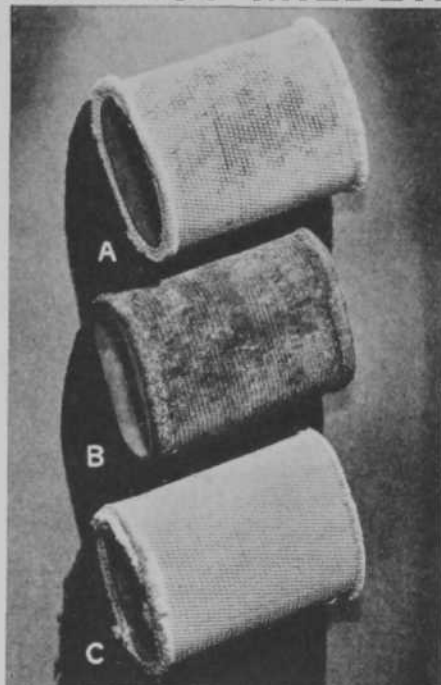
City.....State.....



# NEW PROCESS

## PROTECTS *Republic* FIRE HOSE

### AGAINST MILDEW



A—Not processed for mildew protection.  
B—Processed for mildew protection by a competitor.  
C—PROVAR PROCESSED Republic Fire Hose—no sign of mildew.

Unretouched photo showing results after samples were saturated with water and exposed to moist atmosphere for six months.

★ ★ ★

★ Republic announces the PROVAR PROCESS—an exclusive method of treating the cotton jackets of fire hose for protection against the destructive action of mildew—far outstripping any previous effort in that direction by any manufacturer.

The PROVAR PROCESS will be applied, when ordered, to any grade of Republic Fire Hose without additional cost.

## THE REPUBLIC RUBBER COMPANY

YOUNGSTOWN, OHIO

*Leadership*

IN POLICY, PRODUCT AND PERFORMANCE

Order Republic Rubber Products  
From Your Distributor

salary increases, legacies, etc.—pay that annuity in full!

Then take out another one!

Of course the desirable thing is to have several hundred dollars coming in each month. But not so many can do that. They get discouraged at the big payments, adversity hits them, and they are forced to drop most of their policies. By "biting off" smaller chunks one is able to get them paid up far sooner.

And, fathers and mothers—tell your children to take out their insurance as early as possible!

Mother and I have been fortunate, but hundreds of others could do the same thing with a little planning. Sixty dollars each month isn't a fortune, but it is peace of mind.

Even should I be permanently disabled I know Mother and I would get along. And we have our self-respect. We love life on \$60 at 60.

## Chains Don't Bother Williamson's

(Continued from page 24)

tourists visit this region to fish. Why? Because the assortment is big, the prices are competitive with large chain stores, and in line with today's demand.

We buy cane fishing poles in 1,000 lots, and sell an average of 5,000 each season.

Sometimes our home dealer friends criticize our price program. A druggist recently asked us why we displayed a well known brand of wall paper cleaner at 15 cents for two when the regular price was a dime. We showed him two grocery stores, one on each side of his store, both selling that item at 15 cents for two. They had been doing so all along.

### Beating competition

BY our plan we are able not only to meet chain store competition but sometimes to beat it. A local store was advertising an electric plate without switch and cord for one dollar. Our price on the same item was 79 cents without attachments, and 98 cents with attachments. Our profit was good, too. Shortly, the chain adopted our price. Then, we carry hundreds of small packaged items at five, ten and 25 cents. Some of these cost us seven cents. Three cents profit may seem small, but it is more than 40 per cent mark-up. Still other items which cost as much as one dollar a dozen must be sold for a dime. That margin is too small, but it is not a large volume item, and holds your store in line to meet competition.

Keeping the merchandise modern is also important. Our policy is to dispose of obsolete or slow moving merchandise regardless of cost at a price that will sell it quickly. Three complete turnovers are possible and necessary each year, then each dollar of capital in invested merchandise earns a gross dollar, and it must do that in this store. Any store with thousands of dollars tied up in unsalable goods must eventually fail.

Establishing and maintaining a

good credit rating is equally important in any profit-making program. We pay our bills twice a month. If there is not enough cash, we borrow at the bank to save our discounts. This program so fortifies the credit standing of the store that, when seasonable merchandise must be bought, there are no delays in shipment.

Cooperative buying groups or brokerage houses have often asked us to join them. Our dealer friends in nearby towns have also urged us to do so but we have consistently turned them down. Jobbers, on the whole, have looked upon these organizations as only temporary, but increasing numbers of dealers are joining these groups as a last resort to get better buying advantages.

In some sections these cooperative groups own their own warehouses and carry huge stocks. Members buy large volumes of goods.

In our opinion, the wholesaler can protect his investments, maintain a larger volume of business, employ more people, and at the same time perform a distinctive service to his dealer clientele by the methods we use. A concrete example is enough to prove this thought. A cooperative agency, urging us to join, quoted 50 per cent discount on a specific item. The jobber's discount is 40 per cent (in small lots). In full case lots, our jobber extends an extra ten per cent, making the item cost us 27 cents, as compared to the broker's price of 25. Add to the latter his seven per cent commission or service charge, and your cost jumps to 26¾ cents. Therefore, a business deal that looks good on the surface bests the jobber by only a quarter of a cent which other advantages more than offset.

Chain competition is not an enemy that threatens to write deficits on our books, but rather the stepping stone to a better business era. It made us go modern, clean out obsolete merchandise, out-moded practices, and make every dollar invested in the business earn another dollar within the year.



## The Government And Coordination

(Continued from page 74)

To the mere business mind that might have seemed to have been a place for coordination by stopping unjustified expenditures in competition with adequate existing private transportation.

But it did not so appear to the government committee, which recommended that the expenditure be continued, not because it was justified by results but because the Government was so deep into it and had so much invested that it should go through with the projects.

This tenderness for government investment, even when in an enterprise found to be without economic justification, is in sharp contrast to the hard-boiled attitude toward what is conceived to be improvident investment in private enterprises. Those investments in competing railroad facilities, for example, which in the light of after-events are alleged to have been less than prudent, are not to be tenderly preserved by our public economic planners. They are to be lopped away and charged off to profit, loss and experience.

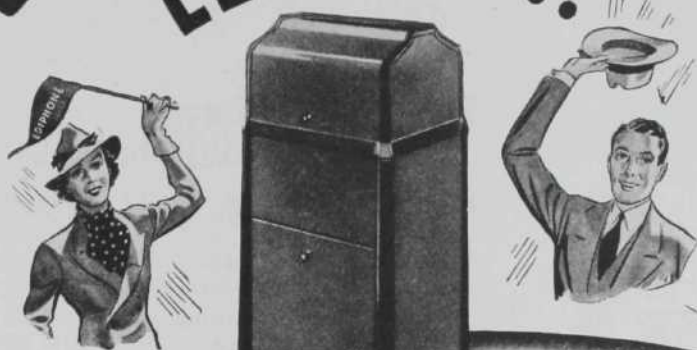
### Could government do as well?

WE ARE told that, under a unified and coordinated national plan, excesses of optimism would not have been allowed to clutter up the map with more railroad facilities than the country now seems to require. This excess of rail facilities can easily be exaggerated but, even granting that there is too much railroad plant and that prudent management should not have created the excess, the record of government coordination does not exhibit such foresight as would lead any one to believe that its agencies could have done better, or would now do better, than private initiative and enterprise.

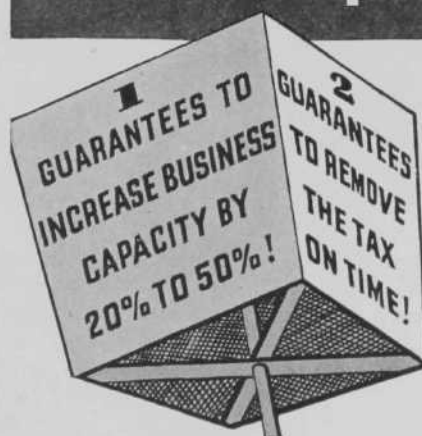
"Coordination" is the word now most in popular and government favor, but while one agency of Government seeks coordination and elimination of competitive duplication in transport, other organs of the same Government go ahead creating new and additional means of transport, which still another agency of the same Government describes as without economic justification!

In that situation and on that record what is there to make one believe that government can plan everything for all of us?

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## Shake Hands with Our Contributors

**George E. Sokolsky** is variously known as an authority on far eastern affairs, a consultant in the field of industrial relations and a writer on economic subjects. At the invitation of the League for Political Education, Inc., he recently debated the question, "Should We Plan for Social Security," with Secretary of Labor Frances E. Perkins in a broadcast of America's Town Meeting of the Air.

**Revilo P. Oliver**, as a publisher of textbooks, has been in constant contact with college students and professors from Princeton to California. A year ago he taught French at the University of Illinois and this year will teach Latin. He has published many articles and is now working on a translation of a Sanskrit drama which will appear in October and on a volume treating certain aspects of the Italian Renaissance.

**Frank J. Taylor** is a business consultant in San Francisco. Periodically he takes his pen in hand to report on conditions on the West Coast.

**Sheldon Wills** is a business man in Hastings, Nebraska.

**Richard L. Hobart** gave up a position as National Advertising Manager of the *Washington Post* to write. The interview in this magazine was written soon after the change.

**Herbert Corey**, you know. He has appeared frequently in this magazine and, in addition to stories and articles, is known as a war correspondent and a lecturer on politics and economics. Fewer people know that, in the dim past, he was a cowboy.

**A. E. Holden** is a middle westerner. As head of a business service, he meets many business men. Now and then he writes about one of them.

**Glenn Nixon** is a reporter for the *U. S. News* handling assignments dealing with unemployment statistics, relief and industrial relations.

**Robert L. Van Boskirk** is a recent addition to our own editorial staff although a *NATION'S BUSINESS* veteran. Formerly with the business office, he reformed.

**Charles Magee Adams** is another middle westerner. At least he lives in Ohio and from there sends articles to various publications.

**Roy A. Foulke** and **James P. Davis** are identified by the titles on their articles.



## Your Business Can Be ORPHANED too!



Prudent business men carry fire insurance as a matter of course on their buildings, equipment and stocks. And yet if there are 3 partners, aged 50, there are 23 chances that one of them will die within the next 24 hours to one chance of fire.

This may mean an "orphaned" business—whether it's a one-man concern, partnership or corporation.

There is a time-tested way, however, to keep your business from ever being "orphaned"—Northwestern Mutual Business Insurance. It provides funds at your death—or at the death of any of your associates—with which, under previous

agreements, complete ownership or control can be purchased by the survivors. For the one-man concern, cash is available with which to carry on until the business can be sold at a fair price.

This same insurance also serves to build cash reserves, which are available in an emergency without publicity. It bolsters and protects credit.

The greatest asset any enterprise possesses—efficient management—is perishable. Prevent your business from ever being "orphaned." Mail coupon for interview and state if you also wish useful *Collateral Agreements Booklet*.



THE NORTHWESTERN MUTUAL, Milwaukee, Wisconsin  
Without obligation, please have your representative call in regard to Business Insurance.

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The assets of the Northwestern Mutual, as reported to state insurance departments, now total a billion dollars—a great estate administered for the mutual welfare and protection of more than 600,000 policyholders with 3 billion 700 million of insurance in force.



# The Map of the Nation's Business

BY FRANK GREENE



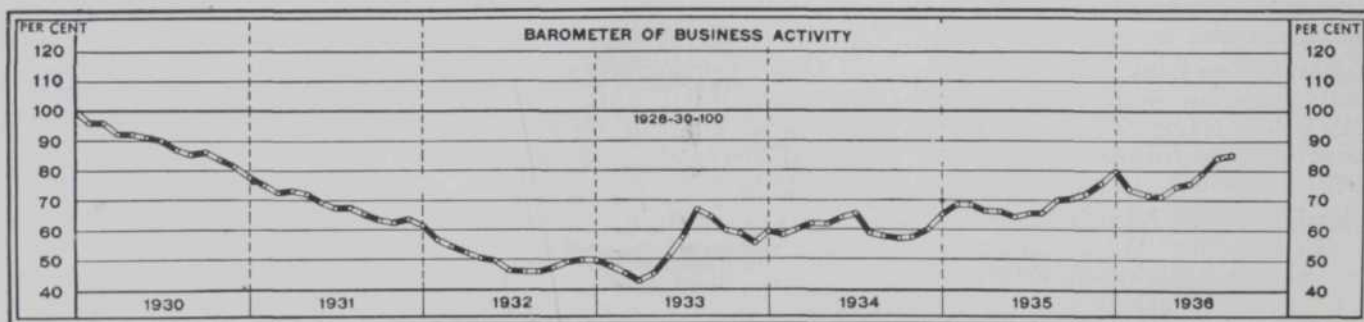
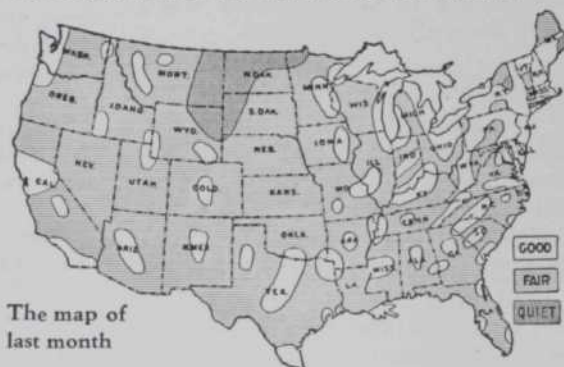
AUGUST heat and drouth took additional toll from leading crops. Corn suffered most and doubled in price from mid-June to mid-August, passing wheat for a time. Rains in many states were not expected to add much to corn but should help root crops. Possible large imports of Argentine corn were indicated.

Industry and trade took crop reports equably and maintained a high volume for mid-summer. Steel output reached the year's peak rate. Model changes retarded automobile production. Electric power made successive new high all time records. Copper continued active. Petroleum output remained high. Gains in carloadings were less impressive, with crop damage assigned as reason.

Cattle shipments were expected to be large. Lumber shipments and orders were reported heavy while shoe manufacturing continued above last year.

Failures held at the 16-year low record. Drouth aided canned goods buying and prices.

Effects of the drouth in August are notable in the west central areas and in parts of the Southwest. Eastern areas present a rather brighter appearance, with seasonal shutdowns shorter than usual



BASED ON INFORMATION SUPPLIED BY DUN & BRADSTREET, INC.

The Barometer of Business Activity rose slightly during the month but showed a trend towards levelling out at the highest point since late 1930

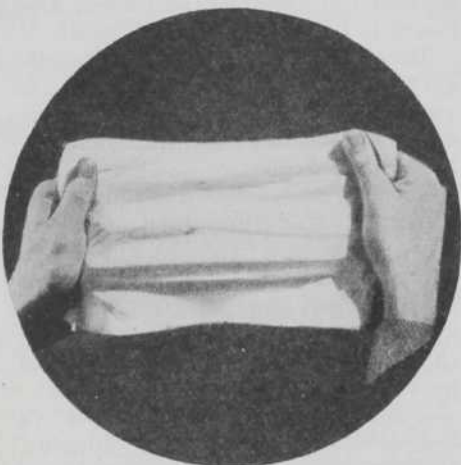


# "Bacteria remain alive on a towel for at least 24 hours"

"Most of the common disease-producing bacteria, even though in a dry state, may remain alive on the towel for at least 24 hours and generally longer, making the common towel a constant and continued source of danger...the employment of an individual single service towel constitutes a wise precaution."

—AMERICAN JOURNAL  
OF PUBLIC HEALTH  
August 1930

**PROTECT YOUR  
WASHROOM USERS  
WITH THESE HYGIENIC  
SCOTTISSUE TOWELS**



The Patented S-T-R-E-T-C-H explains why the ScottTissue Towel dries like cloth—why it won't go to pieces in wet hands.

**W**HY take chances with contagious disease germs? Keep your washrooms supplied with plenty of fresh, clean ScottTissue Towels at all times.

Then each towel user will always have a safe, *personal* towel... a towel to use just once—then throw away.

Everyone finds these sanitary ScottTissue Towels comfortably pleasant to use. Their extra stretch

allows you to reach deep into the creases of your face and hands. Made of "soft-weave" thirsty fibre, they feel and dry like cloth. They are economical, too. One towel is usually enough to dry the hands.

Scott Towels are protecting health in more than 100,000 office, factory, school and institutional washrooms. A free trial packet is yours for the asking. Write Scott Paper Company, Chester, Pa.

## ScottTissue Towels

*Used once—then thrown away!*



# Our Prison Competition

(Continued from page 30)

administer the compact. This, however, failed to settle the question and some manufacturing groups continued to find prison competition irksome.

The President finally appointed Judge Joseph N. Ulman, W. Jett Lauck and Frank Tannenbaum as a committee to make recommendations. This committee concluded that the only solution of the controversy was a broad attack on the whole question of prison employment, with a diversified state-use system of employment in each state as the ultimate objective. The most significant recommendation was, however, that the federal Government should aid the states financially and otherwise in developing such systems in order permanently to eliminate prison competition in the open market.

The President acted on these recommendations by appointing Judge Ulman, Louis N. Robinson, Gustav Peck, Linton M. Collins and the writer as a board to work on the prison employment problem.

## Cooperating with states

THE executive order requires that any such work shall be undertaken "in cooperation with the state authorities" which the Board has interpreted to mean upon the direct invitation of the governor speaking for himself and the prison authorities. The order directs the Board to make surveys of industrial employment and allied activities in the prisons, to formulate such programs of reorganization as will minimize competition with outside industry and yet provide employment and rehabilitative activities for the prisoners, to recommend loans or grants to carry such programs into effect.

With a small staff of specialized workers, the Board has been carrying out these functions. Invitations to make surveys have been received from Maryland, Kentucky, West Virginia, Delaware, Vermont, Arkansas, Oklahoma, Tennessee, Texas, California, Oregon, Wyoming, Utah, and Florida and reports have been completed on Maryland, Kentucky, Vermont, West Virginia and Delaware. Work is in progress in other states.

In Maryland, Kentucky and West Virginia the Board finds that the factories have gone with the exception of the pants and whip shops in West Virginia and the harness shop in Kentucky. Overcrowding, idleness and

lack of facilities are the great problems in these states.

The Board is therefore recommending a general reorganization of the prison system with employment as the central idea—but employment under proper conditions with the welfare of society and the prisoner as the objective. This involves adequate housing, permitting segregation of different types of men and boys; it involves the planning of a number of small state-use industries for such institutions. It also involves the setting up by the state of a suitable organization for the study and direction of the prisoner, and for vocational and educational training.

In planning the occupational program, diversification is emphasized. It is desirable to have as many different industries as the requirements of the state itself will reasonably justify in order to avoid excessive development of a single industry and to provide the maximum employment. Employment in manufacturing activities, moreover, is at best only a part of the program. For the more hopeful types of prisoner extra-mural employment is desirable. Only by diversification can the double objective of minimizing competition and giving constructive employment be attained.

In many states the problem is not so broad. There may be adequate housing but no industries, or industries but no classification or educational activities. The Board has no set program but bases its recommendations on the facts in each state.

A national service agency is also needed to assemble and make available to prison wardens, commissioners, legislators and others data and working plans of the best methods devised for handling prisoners. The Board is trying to meet this need.

The Board is an impartial public agency with no ends of its own to attain. So far it has enjoyed the cordial cooperation of the state officials, business and labor.

Success, however, will require much more than study and good will. Programs must lead to action, and action will come only as governors, legislatures, prison men and citizens demand and support it. Here is the real challenge to the social statesmen of industry and labor.

If they will throw their support to the development of an intelligent, modern occupational treatment of prisoners, the way will be clear at last for a successful attack on this most difficult of prison questions.



● Gone are the days when office walls and ceilings did nothing more than enclose space. Now—with Nu-Wood—those same walls and ceilings provide rich decoration . . . effective insulation . . . noise quieting and acoustical correction—at amazingly low cost!

Whenever old interiors must be modernized—or new rooms built quickly—Nu-Wood points the easy, inexpensive way. Its colors and textures are unmatched by any other material. Application over old surfaces in remodeling, or in new construction is simple and easy. Advantages are permanent. Mail the coupon for complete information, and for illustrations showing Nu-Wood interiors.



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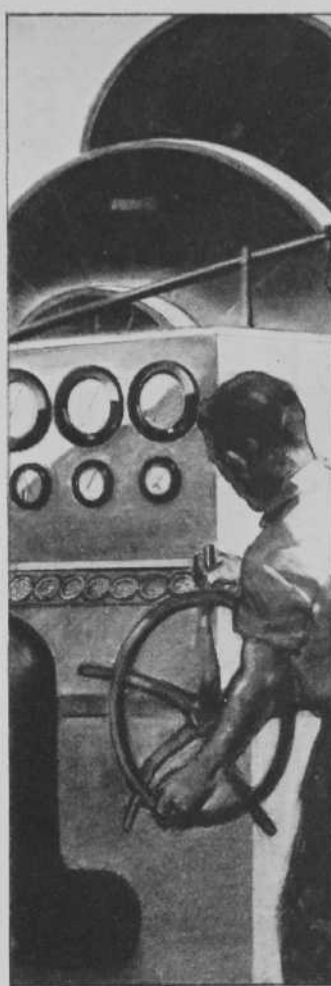
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☁ AIR

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WISE OLD GREEK  
PHILOSOPHERS..  
They were not far  
wrong when they  
spun a whole phi-  
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four "elements".

Engineering the machines that harvest Earth, Air, Fire and Water for the comfort of mankind is the broad business of Allis-Chalmers . . . Wherever fields are sowed, tilled and their fruits gathered . . . Wherever grain is ground into feed, milled into flour or flaked into cereal . . . Wherever forests are logged and cut into lumber . . . Wherever mines are made to yield their riches . . . Wherever cement is made, rock crushed and materials hauled for roads or construction work . . . Wherever air or gas is blown or compressed . . . Wherever steam, electric or water power is generated, controlled, distributed and used . . . Wherever water must be kept flowing to home, factory or soil . . . There Allis-Chalmers' vast engineering and equipment-building activities are serving the comfort of all.

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Bulletins for various types of equipment furnished on request. Address Allis-Chalmers Mfg. Company, Milwaukee, Wisconsin



# WHAT I'VE BEEN READING

By William Feather

"THE Big Money" by John Dos Passos and "Studs Lonigan" by James T. Farrell are novels that I was told I had to read. Farrell is one of the great writers of the day. The book by Dos Passos is new and has been widely acclaimed. Together the books contain more than a thousand pages and I read every word on every page.

Of the ability of these two young men to write vividly and powerfully there can be no argument. In their capacity to put the history of a period into fictional form they have no contemporary equal unless it be Sinclair Lewis.

"Studs Lonigan" is a trilogy. One part deals with Lonigan as a Chicago boy of 15. The second part takes up the young manhood of Lonigan, and the final part finishes him off at the age of 30, a physical wreck and a complete failure.

Lonigan was a tough kid. He knew all the answers before he got out of short pants. Booze, girls, and fighting were the credentials that ranked the members of his gang. He finished grammar school but refused to go to high school. His father and mother were devout Catholics, and the family was fairly prosperous. The father was a painting contractor, and Studs learned the trade. But the depression overtook the business, Studs' carousing ruined his health, the equity in the old man's real estate evaporated. The story ends in a dreadful collapse all around.

*Studs Lonigan* by James T. Farrell, published by The Vanguard Press, New York, \$3.

*The Big Money* by John Dos Passos, published by Harcourt, Brace and Company, New York, \$2.50.

"The Big Money" is the final volume in another trilogy that includes "The 42nd Parallel" and "1919." The characters in "The Big Money" are of a different stripe from those in "Studs Lonigan," but, in the end, their lives turn out to be as futile. Tragedy catches up with them in one form or another. They



WILLIAM FEATHER is one business man who finds opportunity to chew and digest books. Head of a large printing business in Cleveland, he is no man to take his authors on trust, but tempers his healthy skepticism with a mellowed tolerance. *Nation's Business* is glad, indeed, to welcome him back as a regular contributor.

are a drinking, jazzing, unhappy lot, constitutionally unable to enjoy the simple pleasures of life.

So impressed by the genius of Dos Passos was one reviewer that he exclaimed that the equivalent could be found only in Tolstoy's "War and Peace," Balzac's "Comedie Humaine," and James Joyce's "Ulysses."

Despite this deserved praise, I intend to offer a criticism of "The Big Money" and "Studs Lonigan" that may stamp me, in the minds of some people, as a Babbitt, if not an illiterate. I simply cannot admit that these books are an accurate presentation of life in America. Although every incident in the books can be documented from the experience and observation of any one who has been about, the fact remains that they offer a side of life that is not common in this country.

The classical literature of the past

has been built around two themes: tragedy and comedy. From the point of view of the Old World, there was no other way of looking at life. Either you laughed at the struggle of mankind, or you cried.

Not until this nation was founded as a democracy, and we had a government of the many instead of the few, was there an occasion for a literature that struck the note of achievement.

*Flight From the City* by Ralph Borsodi, published by Harper & Brothers, New York, \$1.

Even today it is easy to scoff at achievement in the United States. There is so much that is ugly, depressing, and sad. But for every lad like Studs Lonigan who makes a mockery of his opportunities, a dozen boys forge ahead and justify the sacrifices that their parents make for them. They marry good girls, raise children, and climb to modest success.

What's the use of ignoring or sneering at our schools, automobiles, scholarships, skyscrapers, wheat fields, concrete highways, universities, refrigerators, and radios? The typical American doesn't fail. He gets approximately what he goes after.

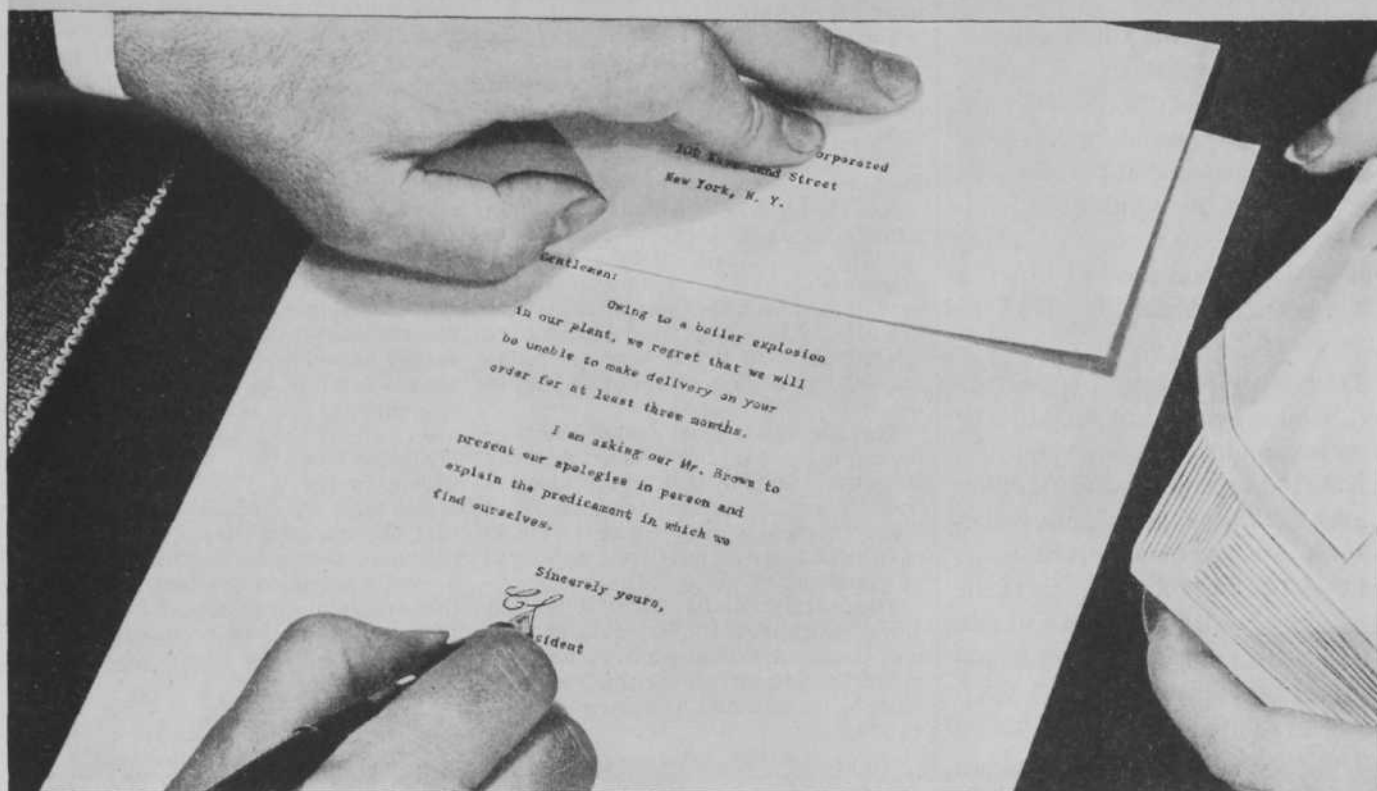
To the book-reading public, which is a small part of our population, depressing pictures of defeat, with their scenes laid in dance halls, speakeasies, pool rooms, Park Avenue and Greenwich Village apartments, and in labor and communist headquarters, may appeal, but for the mass of our people they are no good. The movie producers know the pattern that Americans like and, although their output is often feeble in content, they satisfy a longing that is deep and earnest.

Not long ago the Manchester *Guardian* expressed the British point of view, in this paragraph:

The large number of American films which tell the life story of a man who climbs to success (described as 'dizzy heights') is an index to the civilization on that continent. No other country



# "Unforeseen events . . . so often change and shape the course of man's affairs."



The time to investigate a boiler explosion is before it occurs

THE INVESTIGATION that comes afterward will not replace shattered equipment, restore damaged property, compensate for loss of life or injury, or take care of orders lost through a break in the production line.

Suppose subsequent probes do establish the fact that the boiler let go because of a frozen safety valve, corrosion or pitting of the metal, caustic embrittlement, or any one of a number of common causes. That will not help you carry the dead financial weight of weeks of idleness nor will it regain customers who turn in the meantime to your competitors.

The investigation that comes *first*...the inspection that is

made regularly by the trained safety engineers of The Maryland, from the time you insure your boiler plant against Unforeseen Events, is the investigation that counts.

In industrial plants, factories, apartments, hotels, schools, public buildings and residences all over the country, the Maryland's boiler policy assures owners of regular inspection by skilled safety engineers who are trained to "see" accidents *before* they happen and recommend steps to prevent them.

Near you is one of 10,000 Maryland agents who cover every state in the Union, Alaska, Canada, Cuba, Puerto Rico, the Canal Zone and Hawaii.

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The Maryland writes more than 20 bonding lines, including . . . Fidelity . . . Bankers' Blanket . . . Contract . . . Check Alteration and Forgery . . . Depository . . . Fraud Public Official Bonds . . . Judicial. More than 40 types of Casualty Insurance, including . . . Aircraft . . . Engine . . . Automobile . . . Burglary . . . Boiler . . . Elevator Accident and Health . . . Fly-Wheel . . . General Liability . . . Plate Glass . . . Electrical Machinery . . . Sprinkler Leakage . . . Water Damage . . . Workmen's Compensation.



# Brushing the Teeth is not enough



**D**URING THE WAR, a disease known to the soldiers as "trench mouth" spread throughout the Allied armies. It was an unpleasant and, in some cases, a dangerous epidemic. It did, however, exert a tremendous influence on modern dentistry, for it focused the attention of dentists on the fact that *true oral hygiene* depends on the care of the gums as well as the teeth!

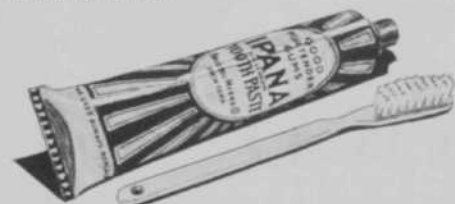
Research was followed by discovery. Tender gums were found to be more susceptible to serious gum disorders. And one of the principal causes of gum weakness and tenderness, it developed, was our modern diet of soft foods—foods that rob the gums of the work they need for vigorous health.

Then came the very sensible and practical idea of gum massage. Modern dentists urged its practice! As a result, Ipana was developed, a modern dentifrice especially designed to help *tone the gums* as well as clean the teeth.

## LET YOUR DENTIST DECIDE

If you notice a weakening in your gum tissues—if "pink" shows on YOUR tooth brush—see your dentist. Let him decide whether yours is simply a case of lazy gums, or whether a serious gum disorder is threatening your oral health.

If his diagnosis is lazy gums—his advice, "Ipana and massage," follow that advice promptly. He is advising you of a method of oral hygiene he *knows* has been practical and effective in millions of cases.



For sound teeth and healthy gums

**IPANA TOOTH PASTE**

specializes in these films; if they do so in France they do it satirically; in British films, they prefer gentle old men cultivating gardens, or triangles all on the same social plane. In Russia, the films, like the propaganda in them, are all for the Cause.

Without offering any defense of the downright stupidity of half of the American films, we still see no reason why this nation should apologize because it prefers to emphasize achievement instead of failure.

The attitude of Americans is different from that of Europeans. We may be foolish for thinking so, but we continue to cherish the idea that the door of opportunity is wide open on this continent and that any boy, however humble his origin, can aspire to fortune.

Americans fail to perceive anything stimulating in a "gentle old man" cultivating his garden, or in a waitress marrying a street car conductor. In our realistic moments, we may concede that life usually turns out that way, but we insist that class distinctions and resignation shall have no permanent part in our lives or philosophy.

This fact has a great deal of meaning for us, and we do not wonder that our robustness, as revealed in our films, is irritating to Europeans of the privileged class. They are not eager that the minds of the working folk be stirred with ideas of grandeur.

The writer of the Great American Novel will have to comprehend that our people are interested in achievement. The characters for this book will have to be men and women who climb to the top and stay at the top. They may encounter minor failures along the line.

Of the two writers whose books we are discussing here, Farrell seems the more likely candidate for the assignment we have in mind. He knows his Chicago and the American idiom, but Farrell, being a Leftist, sees no hope in our civilization in its present economic set-up.

It's just too bad that the best writers get queer ideas about the hopelessness of progress under the American scheme. One wonders how they get that way and is forced to conclude that there must be some deficiency in their imagination.

Here we have a civilization that has bloomed and brought happiness and prosperity to our people in such measure as was never before known on the face of the earth. Yet our brilliant writers are so steeped in classical literature and the Old World point of view that they are unable to comprehend the excellencies of the New World. We have

made a botch of many things, Heaven knows, but in the main task of spreading the good things of life broadly and generously we have made a great success.

Why try to build an American literature by competing with the Old World in the discovery of the mean and the low? We have gone far enough to know that our pattern is good.

RALPH BORSODI is a young man who, with his wife and two sons, fled from New York City and settled on a "homestead" in Connecticut. Here the family grinds its own corn and wheat, grows its tomatoes, bakes its bread, and milks its goats. Borsodi, being a good writer, makes the enterprise seem like a thrilling adventure. It has worked out splendidly for Borsodi because he supplements his subsistence with money that he gets from New York publishers for writing. Read "Flight From the City" if you want the story.

What interests us at the moment is his statement that a steam pressure cooker which the family bought in 1920 for \$25 can now be purchased, with improvements, for \$8.50. Lots of people are disposed to claim that they get no dividends from "this ugly civilization," which, by the way, is the title of another book by Borsodi. He maintains that the common people are worse off now than they were a century ago.

Yet it seems to me that any family that wants a steam cooker is better off today by \$16.50 than it was in 1920, and \$16.50 in the life of a homestead family is a lot of money.

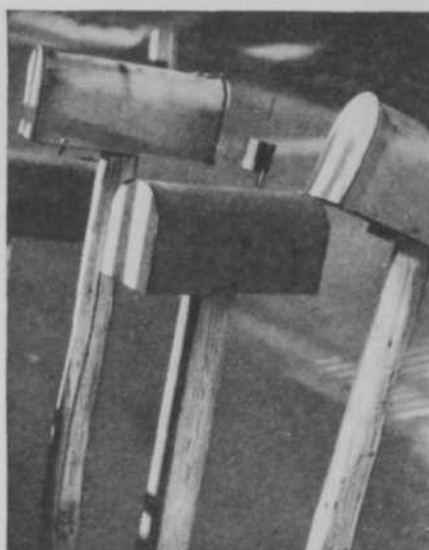
On the desk, as this is written, is a pamphlet which states that if this country today were lighted by the inefficient carbon-filament lamps used in 1904, the increased electric current required would cost \$5,000,000 a day.

Research has increased tire mileage from 3,000 to 20,000 miles per tire. Where at one time only five barrels of gasoline could be taken out of 100 barrels of crude oil, the "take" today is 104 barrels. (Fig-

ure that out!)

It is estimated that 200,000 different products have been improved or created by research in the past 25 years. Not only do these products sell for less, thus saving people money to spend for other things, but they add to the comfort and convenience of everyone.

If the city people will just keep on inventing and reducing the cost of things that make life pleasant and easy, we suspect that the time will come when any of us can live where we please and that we won't have to milk goats before breakfast.



RETTAGE



## The Hills Quit Railroading

**T**WENTY years after the death of James J. Hill, the Hill family has practically passed out of the western railroad picture.

Only one grandson, George N. Slade, continues to "carry on" in the field the Hill family once dominated so completely in its territory. He is division superintendent of the Northern Pacific at Missoula, Mont., and has evidently chosen railroading as his life business. His father, George T. Slade, was long a vice president of the Northern Pacific.

James J. Hill had three sons, all of whom at one time or another tried their hand at railroading. James N. Hill, the eldest, started in the operating end under his father but, after a few years, moved east to enter the financial field. For many years, he was a director of the Northern Pacific but otherwise not active in its affairs. He died several years ago.

The second son, Louis W., was an active railroad man for 30 years. Immediately after his graduation from Yale, he went to work for the Great Northern at St. Paul and was his father's right hand man. After the elder Hill's death in 1916, Louis W. Hill served as president and later chairman of the board of the Great Northern. Several years ago he retired as an official and, though he has continued to serve on the board of directors, he has become less active.

Walter J. Hill, third of the sons, never seriously tried railroading. He has been a farmer and stock raiser all his life.

### Attracted to finance

OF THE three sons of Louis W. Hill, two tried railroading after leaving college but neither remained long in the business. Louis W. Hill, Jr., after a few years in the Great Northern shops and offices, decided the financial field was more alluring. He is now an official and director of the First National bank of St. Paul.

Young Mr. Slade, the one member of the family now active in the railroad field, has risen steadily in the operating department of the Northern Pacific. Recently he superintended the laying of rails through a tunnel in the Montana mountains that is regarded as quite an engineering feat.—E. L. RONEY

# THE SOUL OF A WIRE ROPE

These two pieces of wire rope are identical in grade and appearance. Yet one will far outlast the other because it contains a great "intangible something"—an element that cannot be stated in metallurgical or mechanical terms. It is the "soul" of the rope.

It originated with the founders of the Broderick & Bascom Rope Co., sixty years ago. They instilled it into their descendants, their engineers, the entire staff and mechanical force.

Today that "intangible something" is the soul of every rope this company manufactures. It made *Yellow Strand* a super-rope, famous wherever wire rope is used—mines, construction, road building, excavation, factories.

"Flex-Set" *Preformed Yellow Strand* is this same super-rope with the wires and strands shaped during manufacture to the helical form they occupy permanently. Preforming makes the rope limp and tractable, practically pre-broken in, easy to handle and install, remarkably resistant to kinking and fatigue, longer lived under severe conditions. Thus, mechanical ingenuity has been combined with this invaluable element to make a great wire rope greater.

Every user of wire rope is invited to form an intimate acquaintance with "Flex-Set" *Preformed Yellow Strand* and learn how to keep his costs down.



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MORRISON

# The Retail War on Main Street

(Continued from page 22)

geles an insurance man named Theodore Van de Kamp had an idea. With his brother-in-law he started a potato chip shop in a cubby hole on Spring Street. Between them they had \$200 capital. Their wives worked in the shop while the two men hung on to their regular jobs. To lend atmosphere, the wives made snappy blue and white Dutch costumes which blended appropriately with the name of Van de Kamp. The odor of the fresh potato chips swept up Spring Street and the little shop did a thriving business. Next year they had two more units and put in bakery goods.

Shortly, carrying out the Dutch theme, they built several shops on vacant lots in the form of blue and white windmills operated by rosy cheeked girls in Dutch costumes. Today there are 124 Van de Kamp windmills in southern California and 35 more in Washington. The concern operates its own baking plants and employs more than 900 persons.

Now we citizens have to decide whether or not we want to tax at least half of these windmills out of business.

A young grocery clerk in Pomona had an idea that was so simple even I might have thought of it. Unfortunately, I didn't. He opened a cash and carry store and arranged the goods in alphabetical order so that they were easy to find. He called this store the Alpha Beta Food Market. The first one opened in 1910. Competitors called him "Simple Simon." But there are now 29 Alpha Beta stores in and around Los Angeles.

Another idea that grew into a thriving business was germinated in 1909 by a farmer boy who had become a bookkeeper in a small garage in Kansas City. This chap, George Pepperdine, had saved a few dollars which he spent for 500 circulars and the envelopes and stamps to mail them to automobile owners. He offered accessories at cut rates. In those days automobiles were sold without accessories. The motorists bought their own equipment and it was hard to find.

The first mailing brought young Pepperdine \$400 worth of orders. He filled them by arrangement with a Chicago supply house. His net profit was more than \$100. Figuring he had struck it rich, he quit his job, rented a corner in a garage and opened the first Western Auto Supply store. In five years he built it up as a mail order house to a volume of \$110,000 a year. He was practically the whole

staff. He worked so hard that his health failed and he was forced to sell out for \$1,000 cash.

Pepperdine went to California to recuperate. Before long he had opened a store in Los Angeles, then another in San Francisco, a third in Fresno. Eventually every sizable city on the Pacific Coast had a Western Auto Supply store. The company now has 110 stores in California alone, employing 1,200 people. The chain store levy which we are asked to approve hits Pepperdine's stores.

I could go on with these stores almost endlessly. They all follow the same pattern—an enterprising young man has a bright selling idea. He starts it on a shoe string as an independent. First thing you know, we citizens who like to patronize him have forced him to become a chain. The bulk of chains deal in food and drugs. But there are others specializing in shoes, lumber, milk, dry goods, notions, cigars, candy, furniture.

## What independents think

REINFORCED with a head full of facts about the chains themselves and the tax, I started out to get all sides of the story. I tried to talk with all the parties involved in the war. Among others, I listened to one of the staff officers at the G.H.Q. of the Independents' army. He was convinced that the chain stores were a menace to the American ideals of equal opportunity. He said they were monopolists trying to gobble up the whole field of trade and that they were driving the small merchant out of business. He reiterated that they were the tools of Wall Street and accused them of being price cutters.

A big wholesale grocer who supplies a voluntary chain of independent merchants was extremely bitter against the chains because he said they were eliminating the wholesaler entirely. He considered the wholesale supply house an American institution which had a right to live. He said his employees had a right to their jobs, and that it was the state's duty to see that they were protected.

I discussed the issue with the head of a chain store. He pointed out that every great chain had grown from one store. It prospered, he said, because it was the most direct route from producer to consumer and because it sold goods of uniform quality at the lowest possible prices. He said the chains had reduced the cost of handling goods to a minimum. He thought all the trouble had come



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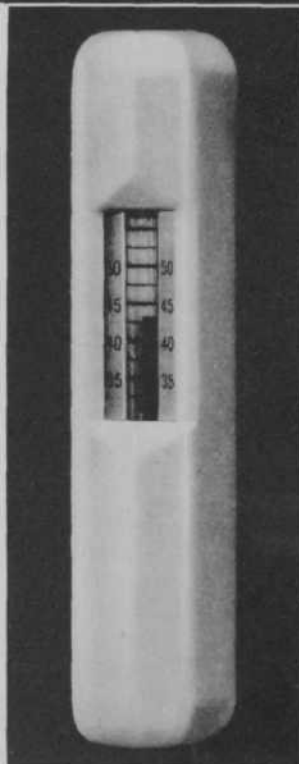


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**Thermometer Case Produced for King-Seeley Corporation, Ann Arbor, Michigan**



# REYNOLDS Plastics

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ing peaches without cutting prices, managed to move the bulk of surplus in three months by the simple expedient of selling more peaches.

I went down to talk with my favorite grocer, an Independent who belongs to a voluntary chain. Lawton is a keen chap. To my surprise, he was not for the tax at all and for a curious reason. He had been talking it over with his lawyer, he said, and the lawyer thought that even the voluntary chains would come in for the tax. Anyway, and even if the courts didn't so rule, he thought it might be a boomerang.

"Get these legislators sold on the idea of socking the merchant, and they may figure it's the easiest way to raise money," he said.

### He favors the tax

ACROSS the street was a chain grocery with whose manager I have managed to scrape up a confidence. He favors the tax. He figures it will force his company to sell its stores to the managers on easy terms.

He is probably going to be disappointed. I talked with the chief of the chain for which he works. The chief denied that he would sell any stores. If the tax were levied, he admitted he might close a few of them, but said he would enlarge the others, making them into supermarkets.

In the final analysis, I suppose we citizens must settle this issue on the basis of what is good for our own pocketbooks. My wife, who spends most of the dollars for our family, said she likes to buy from chain stores, but that she gets most of her groceries from our local grocer who is an independent.

"That doesn't make sense," I said. "If you can save money at the chain store, why not do it?"

"It does make sense," she insisted. "I watch the chain store ads to see what the prices ought to be. Then if Mr. Lawton's prices are higher, I tell him and he meets the price."

So looking at it from a purely selfish viewpoint, the chain store is a good thing for my pocketbook.

After all this investigation, I feel that, if I am to be drawn into this war, it will be on the side of the Chains. Not because I love them any more than the Independents, but because I resent having one group of business men using me and the State to handicap another group.

I think they ought to fight it out behind the counters. And may the best merchant win! Anyway, taxes ought to be levied to raise money and not to put some fellow in the hole. Next time they may be slapping the handicap on chain writers and that might catch me!



about because the chains had eliminated the middle man.

For an unbiased opinion of the issue, I turned to a professor of marketing in a university. He was philosophic. He said this war was only a passing phase. He told me how when the department stores and the mail order houses were enjoying their most spectacular growth the merchants tried to get laws passed penalizing them. He told me the chain store was here to stay because it filled an economic necessity. He predicted that the next war on Main Street would be directed against that new institution, "the supermarket." Soon, he said, the chains and the independents will be combining to demand a curb on supermarkets.

The heads of two consumer leagues who had looked into the chain store tax were against it on the grounds that it was likely to increase the cost of living. They said the chain stores set the pace in popular prices.

Among others I asked a number of farmers what they thought of the chain stores. Down in the lettuce belt I found them unfriendly to the chains, even though the chain groceries were the greatest distributors of farm products, on account of "loss leaders." They accused chains of selling produce at less than cost to lure people into the stores. This had the effect of forcing market prices down.

I talked with several outstanding orange growers, all officials in co-operative marketing associations. They were on both sides of the fence. A big chain took the entire output of one association and relieved it of the burden of shipping, distributing and advertising. The other orange man said the chains were bad because they hammered down prices.

Around Petaluma the people like to have their neighborhood known as "The World's Egg Basket." I discussed the chain store issue with several egg producers. They told me that the chain store market took standardized eggs in large quantities and stabilized their industry as it never could have been done in any other way. They favored the chains.

The several packers and canners I interviewed all like to deal with chain store buyers because they buy in quantity and pay cash. They said the chain stores were the only outlets with the merchandising wallop to lick the problem of surplus crops. For example, last year the peach canners had a surplus of almost six million cases. Either these had to be sold or the peach pack would have to be light this year.

Faced with this tremendous hold-over, the canners asked the chains to help them out. Seven big national chains, working together and push-



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When delivery makes the difference between getting and losing an order, call on Erie to help you clinch the sale.

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# "Remember now thy Creator in the Days of thy Youth"

What was it that created the America we live in?

In one word it was *freedom*—religious and political. And economic freedom—a declaration that every man could progress as far and climb as high as his own capabilities could carry him.

That was an inspiration to unleash ambition and set imaginations ablaze!

It sent the bold to conquer the wilderness. It spurred the resourceful to conquer drudgery. It loosed the greatest era of invention, discovery, initiative, enterprise and accomplishment that history has ever seen.

Let us look now at the fruits of free enterprise in America.

With barely 7% of the world's population, the people of this land have created and now own more than half the world's wealth.

In one hundred and sixty years, this freedom to dare and do has produced *three times as much wealth as the whole world produced in the hundreds of centuries that went before.*

And who enjoys this wealth today?

30 million families live in the United States, and 14 million own their homes; 21 million own automobiles; 22 million own radios.

These 30 million families consume, for instance, *half the world's coffee, nearly a quarter of its sugar, three-fourths of its silk*—for America has the highest wage scale ever known anywhere. What an advance from 1776, when "working men ate from trenchers with pewter spoons, food the plainest and scarce at that—the working hours from dawn to dark, often as apprentices."

Do we need more evidence? Look at the flood of immigrants, eloquent testimony that the condition of the average American is a magnet to attract the envious nationals of 59 other countries.



*"For what avail the plough or sail, or land or life, if freedom fail?"*

—RALPH WALDO EMERSON

What reasonable person can question the benefits to the average man brought about by free enterprise in America?

Keep in mind that America as a nation is still young—keep in mind the causes of its progress. Given free play, those forces which underlie its greatness—the forces of imagination and energy and courage sired of freedom—will push to the surface once more. And anyone who has witnessed the resistless power of their combination must recognize in them the real hope and promise of sound recovery and a new advance.

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*in a number of newspapers throughout the country.*

Our subscribers will recognize in it the spirit by which Nation's Business is guided and the purpose it serves—to encourage straight thinking about business and a better understanding of its relations with government.



# Up From a Dusty Road

(Continued from page 27)

who had so many political ambitions that he had been just barely defeated as a candidate for the nomination for governor in Tennessee and in 1924 had come within three votes of the democratic nomination for vice president.

He is more than that nowadays. No attempt will be made to tie a civic price tag on him. His future value may be anything. My effort is only to show what he is today and how

he got to be that way.

When he was nine years old he was sleeping in the back room of the country newspaper office in which he was the devil. He made enough money by winning a—well, the ungodly used to call 'em prize fights in those days—partially to finance a trip to the Pacific Coast. On the way he interfered with a town bully who was beating up a little fellow. The interference was a success but the town bully and his friends ganged young Galahad and he

got out of town that night on the rods and was glad to do it.

When he was 21 years old he was running the *Sunset* magazine for the Southern Pacific Railroad. That got him into the Printing Pressmen's Union and he so threw his weight about that he was sent to New York as delegate to the national convention. Three days later he was elected president of the organization. Pretty good for a kid from the hills.

That was in 1907. He has been president of the Printing Pressmen's Union ever since. Now and then it has been necessary for him to hold some dissenter's nose to the parquet in order to continue to be president. A possibly biased minority says that he has so arranged matters that he can continue to be president until the end of time. I wouldn't know about that.

What I do know is that he has increased the membership of the union from 15,000 to 50,000, improved wages and working conditions, built a home for superannuated pressmen, a sanitarium for tubercular members of the union, and a hotel for visiting friends at what was once the dried up watering place of Hale's Springs in Tennessee, which he bought on tick. Also the union has a large sum of money in the bank. His relations with employers have been uniformly good.

"A bargain is a bargain" is the union's rule. "When we make one we stick to it."

Another side of his union story is not so pleasant. In 1917 Berry built a hydro-electric plant to supply the national home at Rogersville—née Hale's Springs—with light and power. Not to go too deeply into the matter, the dissenters in the union ultimately charged that Berry built the plant mostly with the union's money but had retained the stock in his own hands. On July 19, 1921, Federal Judge A. M. J. Cochran rendered a decision requiring Berry to return \$165,000 to the union and enjoining him from a further diversion of the funds, but recognizing that the capital stock of the power company was Berry's property. A. C. Dore of Knoxville, Tenn., was appointed receiver to collect the \$165,000. Before he got through Berry was held to be in contempt of the Federal Court. The dissenters were vivid in their charges.

That's enough for the union labor angle of the Major Berry story. It might be observed that, on the day he was born, his father had what was almost an inspiration. He had been

## From a Business Man's Scratch Pad . . . No. 6





Illustration shows how forms, "Fan-folded" into a continuous unit, are fed through an Underwood Elliott Fisher Automatic Feed Machine. Note carbon rolls that take care of the insertion and removal of carbons automatically.



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hanging around the house, anxious as any young father would be. Perhaps to relieve his feelings he told the colored gal who was doing the housework while more important business was going on inside to put a chicken in the pot. She came out a moment later and hailed him as he sat in the shade of the big tree in the yard:

"Yo done got a fine big boy, Sah," she announced.

"Throw in another chicken," ordered the newly made father.

Some vague years followed his election as president of the Pressmens' Union. They are vague only because Berry does not talk about himself. His friends say that he is diffident, which does not seem reasonable when the facts of his career are considered. They also say that he is an idealist and that is probably true. He feels that every man is his brother and insists that all his brothers live the more abundant life. If a brother refuses to say Uncle the Major is likely to kick the cage around. He was a pick-and-pan prospector in a Nevada gold rush at one time. In the same year that he was elected president of the Pressmens' Union he married the daughter of an Alsatian wine-grower of Santa Cruz, California, and brought her to San Francisco. On arrival he found he had but half a dollar for dinner.

"I know of a marvelous little fish restaurant," he told his bride. "San Francisco is famous for its fish. We'll go there."

Mrs. Berry seemed to incline toward a T-bone steak, but he talked her into eating a fish dinner. After prosperity came he told her with glee that, although she didn't know it, she had really had no choice.

"The fish dinner," he said, "only cost a quarter."

Little glimpses of that kind come out now and then in chatting with him, but his closest associates know little of him. He went to France as a major in the Engineers' Corps, A. E. F., and made good. Because he was a labor leader he was made a member of the American Commission to negotiate peace and by some odd chance became a close friend of Lord Northcliffe, the owner and editor of the London Times. Northcliffe had practically withdrawn from social activities at that time, and lived in the famous "little house," alone except for his servants. Night after night the labor leader and the editor thrashed away at the world's problems. It may seem to have been an incongruous association, but it must be remembered that, of all the arrogant men in England, no one tolerated a fool less gladly than the man who had battered his way from nowhere to the ownership of "The Thunderer."

Berry took part in the conference at which the American Legion was organized and became its National Vice Commander. He is considered largely responsible for the friendly relations that have always existed between the Legion and the A. F. of L. The years that followed were devoted to consolidating his financial position. In 1921 he told the federal court that his assets were about half a million dollars. Nowadays he has enough money to maintain a superb fishing camp on a Canadian lake for the benefit of his friends—he has not visited it for five years—and to keep on his farm in Tennessee a pair of the finest Irish wolfhounds in the country. He will talk about them when he will not talk about himself. As a farmer he is a success.

### He has a hand in farming

"I HAVE 300 Hereford cows on the farm," he told me. "Not one of them has ever been milked. The calves run with their mothers until they go dry."

The heifers are sold for veal and the steers are fattened until they are two years old. Each year he sells 1,400 two-hundred-pound pigs. I asked him if he reduced his pig output when the AAA evolved its plan to put the country on a bacon ration, but he only grinned at me. The same question was put to an associate.

"The Major is a good farmer," said he. "I wouldn't think so."

He is a good farmer, too. The drouth hit his farm, but he had his farm boss ready with the tractors to sow forage crops of soybeans and millet and cowpeas at the first sign of rain and filled his barns in consequence:

"I make a good part of my income from my farm," he said.

In June, 1933, he was appointed as a member of the Labor Advisory Committee of the NRA. The things that had gone before had been merely preparatory. At last he had begun the activities which make him a figure of real significance in today's picture. He may not succeed in them—that is for the future to determine—but it can hardly be denied that they are full of dynamite. If he has his way, a new and more suave NRA will be created and a new party built of which the final aim is to take over the organization of the democratic party. It will not be asked of Major Berry that he assent to this outline of his plans. The argument will be supported by the recorded facts.

After June 22, 1933, in rapid succession, he was joined to the Coal Arbitration Board, the Cotton Textiles National Industrial Relations Board, and the National Labor Board. In all the controversies these organizations



handled Berry's position was that of an ardent advocate of the labor side. When C. C. Williams resigned as Administrator of Division Three in the NRA, General Hugh Johnson broke the NRA tradition by naming him to the post. No labor leader had been made administrator before Berry's appointment. He was backed by the A. F. of L. in the dispute over collective bargaining of the Weirton Steel Company and the Harriman Mills Company. In the 1934 textile strike in which 1,000,000 employees were involved, he supported F. J. Gorman, the strike leader. In October, 1934, he became a member of the Executive Council of the A. F. of L. and of the adjustment board of the construction industry in the NRA.

Opinions differ as to the quality of his acts in this latter capacity. His friends say that he made a notable record. Others maintain that the seven codes in the construction industry were unworkable practically and that, if obedience had been forced through, it would have meant government control of that industry down to the last driven nail. This may be balanced by the further statement that the Chemical Code which Berry put through "defied every principle established by the NRA."

These old controversies need not be raked over. What is of more importance is the statement of a man who was in a position to watch Berry's operations closely.

"He had a system," said this man. "He waited until Johnson was half dead with fatigue and had his desk piled mast-high with documents for immediate attention. Then he would brush in:

"Sign here," he would say. 'It is the last code on my desk. I'll be responsible for it and I want to get rid of it.'"

Nothing wrong about that. A huge organization cannot function unless some authority is delegated. It only shows that Berry isn't afraid to take responsibility when he gets the chance. His chance came when the Supreme Court knocked the NRA skyhigh, when President Roosevelt announced that the horse and buggy days were here again, and when industry was beginning to dust off its clothes and go places.

The NRA was officially dead but its friends prolonged the wake. Five months later it was still managing to spend money at the rate of \$7,000,000 a year. This attracted unflattering comment. When the comments grew higher and shriller instead of lessening the New Deal did away with what was left of it.

In September 26, 1935, Berry was given the post of Federal Coordinator for Industrial Cooperation, which was



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brand new. No one knew precisely what he had to do. The statement from the White House had been inspiring but not enlightening. The moribund existence of the NRA had been officially extended to April 1, 1936, and it was assumed that Berry's job was to get rid of the NRA employees and to sort out the 30,000,000 documents left behind.

In these documents, it was said, could be found the authentic history of every industry in the United States, complete with fingerprints. Some enormous lessons, it was said, could be found in these documents if any one could be found to find them. His home town of Rogersville, Tenn., and surrounding counties turned out at a barbecue in his honor. About 35,000 ate roast meat and burgoo. A smaller number made the kind of speeches that might have been expected. Major Berry said, "God Bless You."

When he began work as Federal Coordinator he said he had two jobs on his hands. One was to assist industries which desired to adopt voluntary codes. The other was to find out whether management and labor wanted a permanent government institution to control the relations of labor and industry. He believed that both sides wanted this in principle. One of his ideas was that 70 per cent of the old NRA could be saved.

Work on drafts for new legislation began. At the convention of the A. F. of L. in Atlantic City in October, 1935, Berry made a fervid bid for the support of organized labor and asked that additional legislation be obtained—to conform with the Supreme Court decision—if the various groups could agree. He was applauded, but the convention had noted that industry had begun to prosper immediately upon the passing away of the NRA. Debate was growing on the significance—if any—of this coincidence.

Berry suddenly broadened his field. All his life he had been a hearty Democrat and a vigorous leader of labor. He felt a personal devotion to President Roosevelt, to whom he was indebted for an almost overnight translation into a more elevated sphere than he had ever before invaded. He resigned his position as member of the executive council of the A. F. of L., announcing that he proposed to devote his time to national, economic and political affairs.

The A. F. of L. took this calmly. There seems to have been a tacit understanding that, if Berry planned to get into big-time politics, he should not retain a position through which the Federation could be involved. If there was such an understanding it had about the validity of the Ver-

sailles Treaty. It was not long before he had joined hands with John L. Lewis and ten other labor leaders and began to play ring-around-the-Roosevelt.

Berry's first steps were toward reviving the very dead NRA. It should be said that no documentary proof can be found that he had President Roosevelt's support in this. Mr. Roosevelt had learned that there was no popular demand that the grave should be opened. He had not, however, in any fashion abandoned his position in favor of a greater degree of government participation in business affairs. Whether Mr. Berry had any benediction on his activities or was only not interfered with cannot be stated with certainty. It is sure that his first efforts were followed by an outcry from industry.

### **Groundwork for a "conference"**

IN October, 1935, Berry was saying that he had no thought of burning a feather under the mandibles of the Blue Eagle. He merely proposed, he said, to call a meeting in December of the leaders of industry and labor to consider what, if anything, should be done. This would be, he said, the most magnificent meeting of the sort ever held.

In November he was denying that any more emergency legislation was needed. His statements left a fear in some minds that Berry had permanent legislation in mind. He asked 30,000 union labor officers to send him wage and hour data without making a similar request of industry. As Federal Coordinator of Industrial Cooperation he suggested that the December meeting would result in establishment of a permanent Council for National Industrial Policy.

Secretary of Commerce Roper had a council of his own which had something of the same color. From time to time he announced that members of his Business Council had resigned to devote themselves to their own affairs and named other men to succeed them. So far as the newspapers could see, the business of Secretary Roper's council consisted principally in having a new letterhead printed each sixth month. Roper was asked if Berry's council would interfere with his council. He thought not. He was asked specifically what his council did for a living and replied in his best Uncle Dan style:

"Still waters," he said, "run deep."

Major Berry glimmered cheerfully and thanked God.


In December the conference of industrial and labor leaders lasted 40 minutes. Important industry had, for the most part, declined to have anything to do with it. Edsel Ford had



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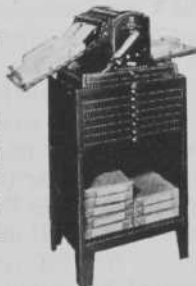
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replied to Berry's letter of invitation with a statement that such councils had never done any good and that he could see no need for one at this time. Government, he said, had "hitherto asked unquestioning acquiescence and not counsel."

The American Iron and Steel Institute remarked that further industrial recovery would be harmed by a "movement which seems planned for the purpose of planning further legislative measures relating to business."

The Cotton Textile Industry, through Dr. Claudius T. Murchison, was "opposed to turning aside from its present efforts to rationalize competition in order to lean on the broken crutch of legislation."

The National Association of Manufacturers, the National Association of Automobile Manufacturers, the National Electrical Association and other organizations of like character refused to have anything to do with the Berry plan. Some other organizations sent delegates to the meeting out of curiosity. No one knew what Berry had planned. The common understanding was that he would put some tentative program before the meeting for discussion. On December 9, 2,000 representatives of industry and labor met in Washington. Berry was the only man on the platform.

### Conferences prepared

"AT THE conclusion of this meeting," he said, "the members will meet in a series of round table conferences. They will follow the round table discussions prepared by one person present, who directly or indirectly represents the government, and that will be the chairman or the moderator or the coordinator, whatever you may want to call him, and that is the man who is addressing you."

He said a good deal more, but that paragraph contained the program. When he finished his speech he banged on the table with his gavel:

Whack! "This meeting now stands adjourned."

The delegates began to boil. They had come to Washington to discuss a program. They found that the program had been prepared and Berry had undertaken to commit them to it. The discussion took place against the competition of Berry's gavel. Alfred P. Haake of Chicago, manager of the National Furniture Manufacturers Association, was understood to say "as a man and a Christian" that Berry was a liar. Berry yelled:

"You're another liar and I'll make you eat it."

He completely forgot to thank God at this somewhat critical moment. John W. O'Leary of the Machinery and Allied Products Institute wanted

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to ask the delegates what they wanted to do and Berry said that he and Haake were trying to dynamite the meeting. The police came in and shoved the delegates out.

The newspapers reported that the meeting had ended in pandemonium and that Berry had been unable to form an organization. That only proved that the reporters did not know Berry. He reported that the Council for National Industrial Policy had been formed. George L. Berry, Coordinator, was head man. John G. Paine of the Music Publishers Association and William Green of the A. F. of L. were named as joint chairmen. In March, 1936, the Council made a report to President Roosevelt through Berry. In it is found:

That degree of government restraint shall be exercised on industry . . . to preserve social justice, equity and fair dealing. . . .

Private enterprise cannot safely be permitted to administer business and industry entirely free from government intervention. . . .

Too much of the national income had been diverted into the investment field. . . .

The Council recognizes the need under emergency conditions of instituting production control. . . .

A minority of five offered a mild objection.

"The report should, but does not, give due consideration to the constitutional limitations on federal and state legislative power."

#### Publishes "reports"

FROM time to time the Council issues the same kind of reports on industry, filled with black blocks and spotted blocks and shaded blocks, that are issued by various other government bureaus. It appears to be a hidden asset of the office of the Federal Coordinator, the evident intention being to prepare a draft of a set of new laws which, if passed, will create some new kind of NRA, and to reenforce this draft by documentary argument. No names well known in industry appear in the Council. From all appearances it would be the most desiccated fruit on the New Deal tree except for its connection with the Federal Coordinator, who is George L. Berry, who is in politics.

Secretary Roper's still waters washed the Coordinator out of the comfortable suite of air-conditioned offices he had occupied in the building of the Department of Commerce. He rented the fourth floor of the Tower Building and his 25 assistants rattle in it. It should be noted, however, that, if the coordination business really gains momentum, he is all fixed with convenient quarters. The cost to date of the undertaking has been \$180,000, taken from the five-billion-dollar fund for relief and other pur-



poses. It now averages about \$10,000 a month.

Berry as coordinator and head of the National Council might have been relegated to the so-what class if he had not coupled to these posts his interesting political activities. The fact that he draws no salary or expense account from the Government leaves him free, he maintains, to be as vigorous as he wishes to be politically. He is the principal support of the Labor Non-Partisan League, which has a very handsome set of rooms in Washington's luxurious Willard Hotel, although two labor unions have contributed and he has received gifts from individuals. The one present aim of this league is to reelect Roosevelt.

He hopes that, in the future, the League may broaden its field to cover all elective offices. He hopes to include in it all men and women who work, including unorganized labor.

### Cooperating with Lewis

AN IDENTITY of purpose will be noted between the Non-Partisan League and the Committee for Industrial Organization—the CIO—of which John L. Lewis is the chief. Lewis also hopes to include in the CIO all men and women who work and are not at present organized. He is also active in politics. William Green, president of the A. F. of L., has stated that the issue between the greater body and the ten or twelve dissenting unions of the CIO is not that of craft union vs. vertical union but of greed for power. He has quoted the words of Samuel Gompers, the revered chief of the A. F. of L., who declared that the Federation must keep out of politics:

"Any other course," he said, "would do the A. F. of L. an injury it would not recover from in decades."

Mr. Green does not appear to be active in the operations of the Council for Industrial Policy any longer. The arm-in-arm movement of Berry's Non-Partisan League and the CIO no doubt accounts for this apparent cessation of cooperation. President Roosevelt conferred his blessing on the Non-Partisan League. At the moment of writing he has not performed a similar service for the CIO, although the political movement of the Lewis organization seems to be in the same direction. Lewis has asked the United Mine Workers to make voluntary contributions to the Roosevelt campaign fund, and has declared that the organization will give \$500,000 toward the President's reelection. Other leaders of the ten CIO unions have taken a similar position.

When Major Berry looks back at that seven-year-old orphan on a dusty road, he has reason to say Thank God.



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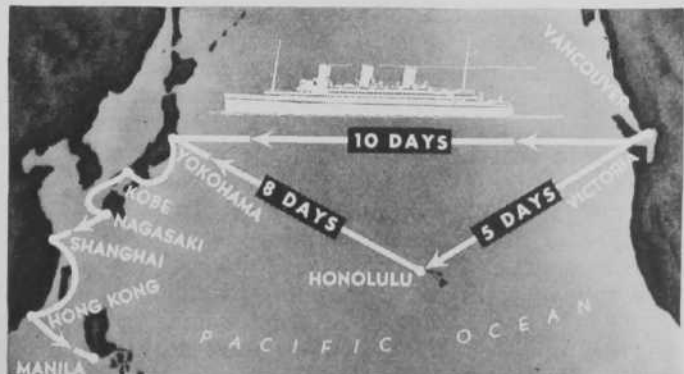
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# Why Business Men Are Cowards

(Continued from page 16)

gles are played to maintain continuity—and who were refused time because the business men who operate the radio knew that these other business men wanted to tell the truth as they saw it about legislation and the administration of the law.

It was once suggested that large business houses, at the end of each of their *paid* broadcasts, state how many men they employ, the size of their pay roll, and how much they pay in taxes. The idea was to show that the Government's attack on business was unjustified by cumulative and repeated evidence. This idea died on the way. Who killed Cock-Robin? I have never been able to learn.

A reporter, working for what is called a capitalist newspaper, was asked why his accounts, particularly when they concerned John Lewis, were unfair to business men. I was surprised particularly because this newspaper prides itself on its fairness and the accuracy of its reporting. Besides, so many millions are invested in its property that it is as much a "big" business as any automobile concern. Furthermore, it ought to be obvious to any one that it has been carrying pro-Lewis material of dubious authenticity which harms the newspaper as a property as much as it does any steel company. Surely, a strike of its reporters under the direction of the CIO would be just as harmful to this property as any other strike.

## News that isn't checked

THIS particular reporter's reply to such questions is that Lewis provides news but that the business men won't talk. But that is not true. Some of the stories which he sends to his newspaper are easily checked, can be corroborated or denied by the companies concerned and should have, if reporting is to be truthful, a "tail" giving the other side. What happens? The other side—the business side—usually appears in the financial and business columns, while the anti-business side appears on the front page.

Now, the publishers may believe that they are serving God and the Devil simultaneously when they do this, but the average reader gets a lopsided picture of what is going on. John Lewis was built up by the so-

called capitalistic press, which, only when complaints were made, gave the business man a "break in the news."

One string of newspapers, a capitalist organization, has favored every A. F. of L. enterprise and gave John Lewis and the CIO every "break in the news," until the unions caught up with them and asked them to sign on the dotted line. Then they used all the arguments which any employer of labor uses in such a situation. This organization tried to reverse the rule that what is sauce for the goose is sauce for the gander. Organized labor in steel, automobiles, rubber, in every trade and industry—yes! In the editorial room of a newspaper—no!

This is difficult to understand. It is difficult to understand why there should be any difference between one employer of labor and another. If, as these editors insist, the "company union" is not a proper agency of collective bargaining, then why should it be a satisfactory agency for them?

Again, the spectacle presents itself of certain business men sacrificing every principle because the Government is their leading customer. In the past four years, the Government has expanded its purchases of goods, particularly in connection with various relief agencies. Every citizen ought to regard these expenditures as his own money and ought not to permit government purchases to affect his views or the expression of views on public matters.

I was once talking to a business man about public questions. He was enraged by government extravagance. He had clear, definite and coherent views on public questions. But, when I asked him why he wanted me to write these views under my signature, why he did not write an article himself—which any magazine would publish under his signature—he said that he could not afford to stick his chin out, that the Government was now his principal customer, that he owed an obligation to his stockholders. In a word, he was afraid.

Here was a wise and intelligent citizen who dared not exercise a fundamental right of citizenship. I have spoken to many men who have a voice in the preparation of speeches and public statements and they all tell me the same thing: their chiefs are afraid that if they step forward too boldly and too valiantly, the Gov-

ernment will buy elsewhere, from meeker and more cowardly business men.

I am not attacking or defending any one. I am trying to analyze a situation and to dissect a tendency. Names are of no value because what is important is not the individual but the trend. Yet, I am sure that many readers will recognize not only their competitors but themselves in this characterization.

This Government of ours is not an accidental structure erected by a dictator—who may be toppled over any day. It is an evolving organism which has rested for a century and a half on a foundation of law and discussion. Its success depends upon a single force, the independence of each individual citizen. Once the citizens become craven, frightened, hypocritical slaves to a party in power, independence disappears and our form of government goes with it.

## Individuals must stand up

IT has always been the assumption in this country that the Government is an administrative agency of limited powers subject to the public will. But when the Government can frighten a large section of the public into a renunciation of its will, then independence of the individual ceases to exist.

The effect of the Nye investigation was not to limit the production and sale of armaments. Its effect was to frighten men into abject acceptance of administration attitudes. Who wanted to be pilloried and humiliated? Who wanted to be accused of crimes and misdemeanors—accusations which were never pursued—but which filled the front pages of newspapers with black type? Who wanted to submit to the kind of investigation that Senator Black revelled in? Who wanted all his mail and all his telegrams read by strangers? Who wanted investigators going through his files? Who wanted income tax inspectors wearing him down with constant and time-wasting questioning?

Of course, a lawyer could fight and knew how to fight. But the average business man fears a fight because it hurts business. It makes it difficult to have all his little and really unimportant secrets appear in the public press. Now, business men are to be subjected to an investigation which



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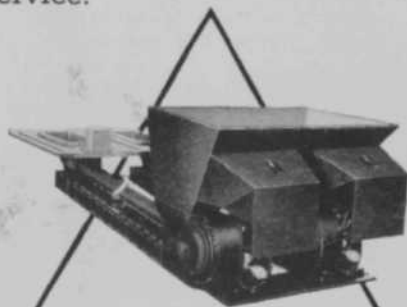


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will discover that some companies employ detectives and watchmen and will get columns of publicity about matters that must, in the end, be as trivial as the Nye investigation proved to be.

Business men do not like that sort of thing. Their wives and children do not like it. It is disturbing. It is so easy for what really ought to be treated as a jest to become a nuisance. Rather than get into such a situation, they contribute to a birthday party or a campaign fund—or they withhold contributions from their own agencies organized to protect their rights.

The danger in this practice ought to be clear. If men believe in a principle, they should be ready to fight for it. Fight to the bitter end. Fight no matter what the personal consequences may be. It is too much to ask all men to be brave, but it is not too much to expect those who are trustees for other people's money and the welfare of thousands of workers to fight for the American economic system, for American independence for the individual, for democracy in Government when these principles are imperilled.

I am not suggesting that the business man ought to set about ruining his business by fighting the Government. But I am definitely suggesting that he ought to fight to the last ditch the right and power of the Government to ruin him because of a difference of opinion over a fundamental principle.

I am suggesting that the so-called middle course man, the business man who carries water on both shoulders, who, in private, curses what he objects to and in public praises the cause of his objection—I say that such a man is undermining the foundation on which he stands. He is helping expand the despotic power of Government. He is helping to destroy the independence of the American citizen. And therefore, he is helping to destroy himself and the business which he operates.

We cannot have it both ways. We cannot be free and slave at the same time. And herein lies the cornerstone of the philosophy of the business man's position in this country: he has developed an amazing industrial and commercial structure because of his freedom of opportunity and because of a rigid observance of his human rights under the law. Now, he is being told that times have changed and that what he must do is to submit to a government control of every agency of business. He is being asked to submit to an economic system which expands the power of Government but limits the power of the individual. There can be no compromise between these ideas, and those business men who try to compromise by running with both the hares and the hounds only add to our confusion.

There must be confusion when intelligent men fail to establish guiding principles of conduct. I fear that too many business men have failed to find such principles.

## Shorter Hours and More Pay

(Continued from page 48)

creased wages without considering the other factors which influence production. As a result, the cost of living has shot up, workers' real income has declined, and there have been bad repercussions in international trade.

In the case of the NRA experiment, the raising of wages to restore prosperity was also emphasized.

The theory was that a horizontal increase in wages throughout industry would expand purchasing power and lead to a larger production to fill the demand for goods. Expanding employment in production would bring further increases in purchasing power and recovery would be under way.

Dr. Harold G. Moulton, president of Brookings Institution, has concluded from his studies of NRA that the difficulties in carrying out this plan, which "from a theoretical point of view" is sound, is that the bulk of business enterprises were unable to finance wage increases, banks were

not ready to help and, to meet the higher bill, prices had to be raised. Rising prices offset gains from increased wages and "the purchasing power plan of promoting recovery was thus thwarted."

The stagnation in the building trades also illustrates what high costs may do to retard recovery. In May, 1936, the number of building contract awards was only 38 per cent of the average from 1924-29 while the production figure in manufacturing was 93.3 per cent of the 1924-29 level.

How the devastating cycle of higher wage costs may affect an industry was described fully by John W. O'Leary, president of the Machinery and Allied Products Institute in 1935 in a statement to the Senate subcommittee holding hearings on the 30-hour week bill.

Weekly hours increased to 44.6 in July of 1933. Then came the PRA and the codes, and in December, 1934, the average workman was employed 34.8 hours—



a decrease of 32 per cent from 1929 and 22 per cent from the level of midsummer 1933.

The average pay envelope contained \$32.21 in 1929. It touched a low point of about \$17.00 during the worst of 1932. From that point the trend was irregularly upward, crossing \$20.00 in June of 1933. The December, 1934, total was moderately higher at \$22.46. To pay that wage, however, with the worker employed 22 per cent fewer than the pre-code and 32 per cent fewer than the 1929 average hours, wage rates stand above 1929 levels at a time when the cost of living is lower. The worker receives and the company pays per unit of labor performed, a purchasing power 32 per cent above that in 1929. The weekly pay envelope is 30 per cent thinner in dollars and even with the lower cost of living purchases 11 per cent less.

In spite of prosperity wage rates, actual weekly pay has been materially reduced, and reemployment lags. What is more, reemployment must lag as long as unit labor costs in the industry are so high that customers are both unwilling and unable to buy its products.

### Effect of a 30-hour week

THE American Federation of Labor advocates a general 30-hour work week as a means of reemploying the jobless.

Just what would happen if it were put into effect?

Consensus of many economists follows:

The basic theory is that, to provide jobs for the unemployed, production must be restored. The objective outlined is that production must be restored to the levels of the late 'twenties and then pushed ahead in accordance with the increased population and the possibilities of technological progress.

Shortening of hours to provide employment is the theory of scarcity. Mathematics of the situation are simple; any general reduction in hours of work so sharp that it could not be offset by improvements in machinery would tend to raise costs and prices, restrict sales and thus would be likely to lower production rather than increase it.

There is no way in which a general reduction of hours can be kept from increasing costs and prices unless there is a wide profit margin to absorb it or capital is made to work additional shifts and the reduced hours are accompanied by a corresponding wage reduction. Advocates of the shorter-week theory contend that there should be no reduction in the total wage payment so the latter alternative may be ruled out.

Lowered production would mean less means of payment and in the long run would force smaller "real wages." The method of reemployment through shortening of hours thus tends to become a method of "sharing the poverty."

Workers would have to support the



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burden of unemployment in its entirety if all the unemployed population were put to work by the shortening process.

In accelerating production and thus increasing the income to be distributed among the masses, diffusion of purchasing power and new machinery are important factors. New machines make additional jobs, they do not take them away.

### More jobs for labor

COL. Leonard Ayres of the Cleveland Trust Company has pointed out that, since 1870, power in the United States measured in horsepower units increased 1,830 per cent. Yet, except in depression periods, the demand for labor was continuously increased. While our population has increased 319 per cent, the number of persons more than 15 who are gainfully employed has increased 409 per cent.

Available statistical data also show the need for more production.

Mordecai Ezekiel, economic adviser to the Secretary of Agriculture, in his book "\$2500 a Year" says:

In 1929, \$80,000,000,000 worth of goods and services were produced in this country. If every worker in that year were to have an income of \$200 a month today, this figure would have to be increased to \$124,000,000,000, an increase of 55 per cent over 1929 productivity.

If the economy of abundance rather than the economy of scarcity is to prevail, all the factors of industrial production must be coordinated. Prosperity cannot be restored by relatively high industrial prices while production and employment go to bottom levels.

Nor can it be promoted by time cards punched five days a week with only four hours work to do a day and only half a pay envelope at the end of the week.

The industrial plant cannot be made to operate at top speed by painting the outside of the factory building, the machinery inside must first be put in first class running order. To do that, all the problems of prices, wage rates, profit margins and hours of employment must be considered together.

No attempt has been made here to do more than point out this:

None of these factors considered apart from its relation to the others will solve the unemployment puzzle.

The objective must be to make the industrial machine operate so that costs are lowered without reducing pay rolls; selling prices reduced so there will be a market for the increased output; production increased and the unemployed given jobs in a steadily increasing cycle of expansion which will mean more output and more prosperity for every one.



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# The Intellectual Deficit

(Continued from page 26)

traditional government for experimental devices "designed for modern needs," we may first inspect in the proponents themselves the results of analogous tinkering with the universities. And we may justly be skeptical of the "planning and order" that pedagogues would introduce into our economic life when we observe how singularly they have failed to preserve the slightest semblance of order in their own domains.

American universities have always had two functions: to provide technical instruction in the various professional fields from law to engineering, and to give the general cultural education that develops character and judgment and is itself the substance of the arts and social sciences.

With the first of these we need not concern ourselves here, because the technical schools have thus far, at least, escaped the ministrations of the reformers. The general college courses, however, have for several decades been the subject of frenzied experimentation by perplexed pedagogues.

## A better rounded schooling

BACK in the "horse and buggy days"—the dark and despised age in which this nation was founded and grew to maturity—the colleges administered to their students a more or less uniform intellectual discipline which was primarily designed to develop the ability to reason soundly and logically on any given problem. This discipline was imparted by a fixed group of subjects, principally the classic languages, literature, history, and mathematics.

When, on the pretext of "meeting modern needs," the educational theorists began their experiments, their first and most important invention was the elective system. This innovation was amply and beautifully justified in theory by a hundred persuasive arguments which we need not resume here. Probably no reform was more thoroughly planned; and probably no reform was a more unmitigated failure. It is the basis of the present university system which, everyone agrees, is working very badly indeed—so badly that three recent surveys have shown that the average student leaves college less well informed and less alert mentally than when he entered.



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The causes of this failure are not far to seek. We need not turn to the jeremiads of disappointed pedagogues who are usually willing to blame everyone but themselves; a more lucid analysis is given by a practical statesman and man of affairs, Henry Cabot Lodge, who observed that, under the traditional system

a certain amount of knowledge, no more useless than any other, and a still larger amount of discipline in learning were forced on all alike. Under the new system it is possible to escape without learning anything at all by a judicious selection of unrelated subjects taken up only because they are easy or because the burden imposed by those who teach them is light.

The one thing which the theorists overlooked was the inevitable human tendency to prefer the path of least resistance—to avoid hard work and discipline. In college not only the dullard, but also the student who can do brilliant work in some particular field, learns to avoid, rather than to overcome, difficulties. When he emerges into the realm of everyday realities, he is surprised and hurt to find that the unjust world will seldom permit him to continue so pleasant a mode of procedure.

The college faculties themselves do not escape the effects of the experiment, for it has brought with it a strangely inverted form of rivalry. It is a curious irony that the minds which discern the evils of competition in business are trained in a sphere governed by the one form of competition that invariably provides less and less value at ever increasing cost. In every university—though, of course, to varying degrees in different institutions—the various departments of liberal arts are engaged in thinly disguised competition for students, because large enrollments mean large appropriations. The result is that courses are made easier and easier, entertainment is substituted for instruction, and the mystified pedagogues innocently announce that someone should "raise the standards"—preferably with increased appropriations.

These circumstances suggest, at least, that the academic world might first put in order its own affairs before undertaking a reorganization of the United States. We need not, however, indulge in sweeping and unqualified condemnation, nor join the extreme pessimists, such as the distinguished historian, Albert J. Nock, who believes that a college education in the true sense of the word is no longer obtainable.

It is still quite possible for any student who possesses sufficient courage and foresight to obtain the thorough training that was once administered as a matter of course. The point

is that this discipline is no longer required and that college degrees from the lowest to the highest have, in consequence, lost the intrinsic significance they once possessed.

It is now quite possible to obtain the highest academic stamp, the Ph.D., by dealing exclusively with courses which require no more than the memorization of a brief list of facts or, better yet, glib discussion of hazy theories of literary preferences or social tendencies—theories which instructors and students may discuss endlessly without ever understanding.

A man may become a Doctor of Philosophy without subjecting himself to such disciplinary subjects as mathematics and classical languages in which mere memory or superficial glibness will not suffice—subjects in which definite conclusions must be obtained by logical reasoning, and all results are indisputably right or wrong. Even more serious is the fact that he may obtain this degree without ever coming into contact with the realities of human nature, and with little or no knowledge of history, which is, in its fullest sense, the recorded experience of the human race.

### Little training required

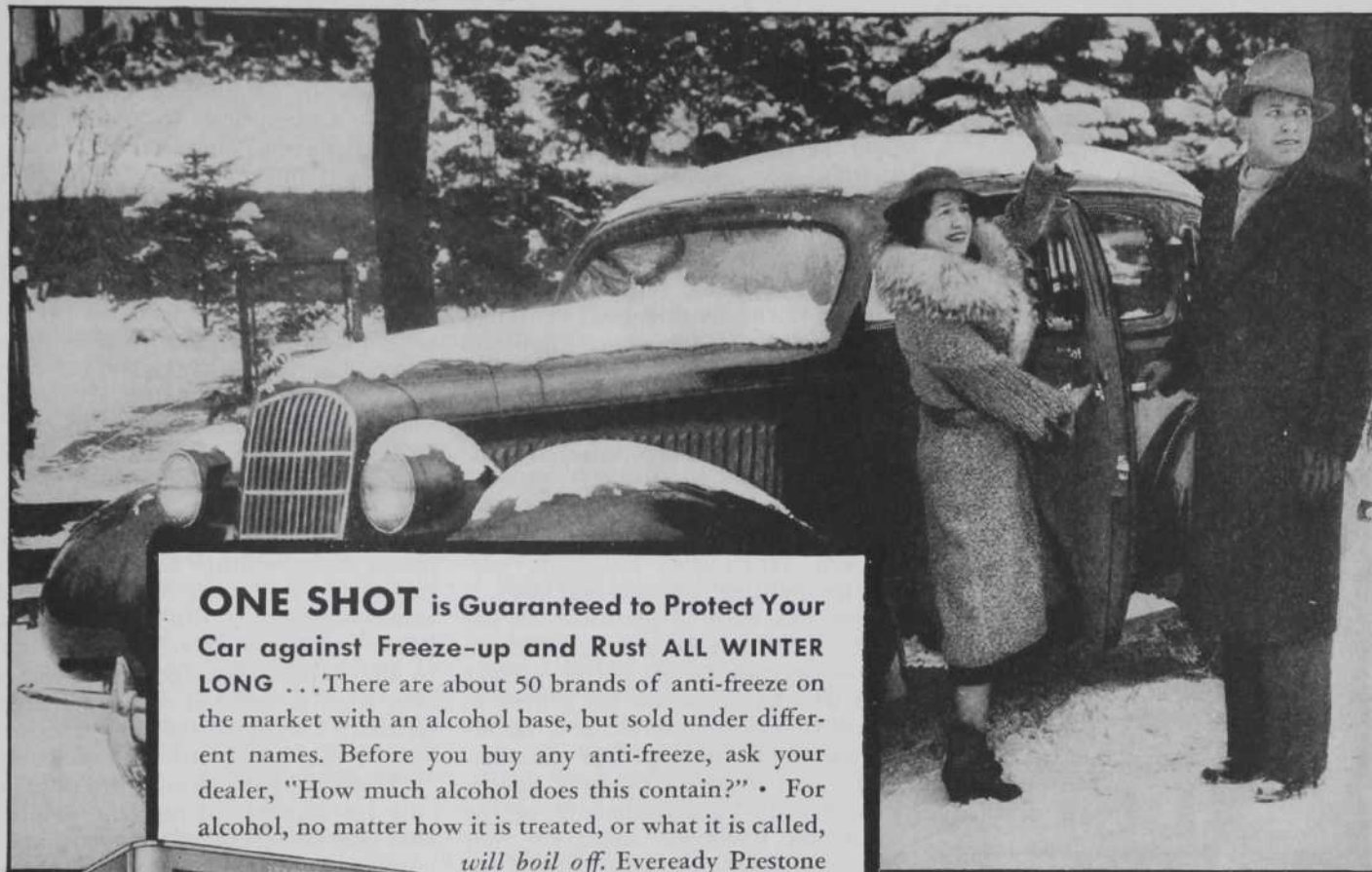
TO phrase the statement more bluntly, the Doctor of Philosophy may be as untrained and as ignorant of fundamentals as though he had never attended school—indeed, of human values he may be more ignorant, for he may have lost all contact with the practical world and average humanity. If, then, he mistakes the creations of his fancy for facts, and devises theoretical social systems to meet the hypothetical needs of imaginary human beings, we need not be surprised; and least of all should we assume that his degree entitled him to speak with special authority.

The actual importance of this degree may be measured by a comparison which is particularly significant today when holders of such academic laurels have congregated in Washington to pose as an intellectual élite whose superior knowledge bestows a sort of divine right to govern. It is a sober fact that not one Doctor of Philosophy in ten could qualify as a junior clerk in the administrative ranks of the British Civil Service.

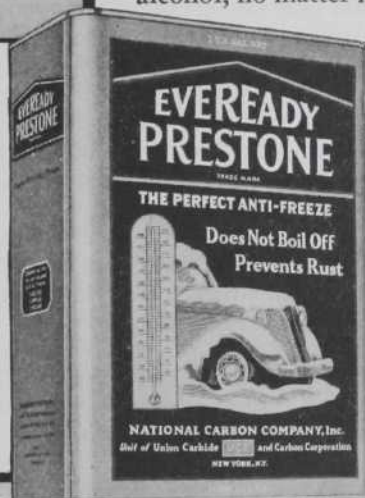
In England the average recipient of our highest academic degree, far from being invited to spend a good part of the national revenue as he saw fit, would probably find himself unable to pass the preliminary examination that is required before the young public servant begins the two years of apprenticeship that neces-



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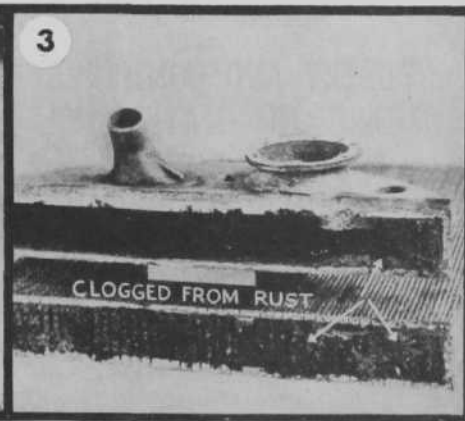


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sarily precede induction into even minor positions of responsibility.

Startling as this fact may seem, it is no more than the inevitable consequence of the degradation of university degrees. The Ph.D. degree at best represents nothing more than a certain competence in some narrow field of specialization; but in the British government specialists are, in the common phrase, "kept on tap, not on top." For administrative positions the Civil Service Commission demands a broad, general education that is tested by stringent examinations in five prescribed subjects (English composition, grammar, fundamental economics, general science, one foreign language) and in five or six other subjects selected by the candidate from a list of 11 (history, philosophy, natural science, mathematics, English literature, Classics, modern languages, Sanskrit, economics, political science, and law).

One has only to present this list to the average Doctor of Philosophy—particularly one of the younger men who has received his degree in recent years—to meet either a regretful admission that such an examination would require a range of knowledge beyond his attainments, or the somewhat irrelevant assertion that the English requirements are absurdly high and have nothing whatever to do with the fact that the British Civil Service is noted for integrity and efficiency.

### Wider training in Britain

DISCUSSION of civil service in either England or the United States is beyond the scope of this article, but we should particularly observe the wide implications of the two basic principles of the British system:

First, that an apprenticeship is necessary before any man, however excellent his education, is fitted for administrative responsibilities.

Second, that for the work of government, "what is most wanted is judgment, *savoir-faire*, insight, and fair-mindedness," and narrowly specialized training in any one field is not adequate preparation.

The reason for British insistence on the type of academic training that once prevailed in American colleges appears in the comments of even so severe a critic as L. Urwick, who, in the April, 1936, issue of *Public Administration*, says of the civil servants so trained:

"Since some humanistic education is still essential in dealing with any problem where the human element is predominant, they have made admirable administrators."

All of the larger problems of government are human problems involv-

ing the relations of human beings, not of economic or sociological abstractions. That this fundamental fact should have been so little understood in Washington is, perhaps, a conclusive illustration of the dangers inherent in dehumanized education.

The assumption that all social problems are so simple that they can be solved by governmental machinery must be based on complete disregard or ignorance of the experience that mankind has so painfully accumulated in the past 6,000 years. And there is no other explanation for the willingness of our academic radicals in Washington to squander, not only the national income, but irreplaceable human resources.

The vast national debt we and our posterity may pay by patient industry, or, failing that, repudiate; but if a million citizens are taught to demand that the State act as ministering angel to all their needs, by what conceivable effort can we restore to those persons their self-respect, and to the nation the vigor that comes only from a free and self-supporting citizenry? Many states now vanished sought the answer to that question.

"Bread and the circus" are not the only instruments of national demoralization. Government intervention in business is the other side of the coin.

If business is constantly hedged in by a thicket of tangled rules and regulations, harassed, supervised, and penalized, must it not eventually lose courage and resourcefulness? Does not bureaucracy invariably create more abuses than it remedies—with the result that a new and more crushing bureaucracy is devised to remedy those abuses?

Though the effect of each particular regulation may seem negligible in itself, such effects are cumulative, and even the most efficient bureaucracies known to history grew like a cancer until the nations on which they had fastened themselves collapsed from economic and moral exhaustion.

The radicals in Washington have given no indication that they are even aware of the existence of the vital social forces with which they are thus frivolously tampering. As a group they may be taken as illustrations of the dangers inherent in a university system that permits theory to be divorced from experience—not only from the experience of everyday life, but from the larger recorded experience of mankind. We may rightly ask whether so superficial and narrow an education is not worse than none. Have "modern needs" diminished the truth of Alexander Pope's observation?—

"A little learning is a dangerous thing."



# Don't Owe Too Much Money

(Continued from page 64)

tain point, increased current liabilities are fully justified because they probably indicate larger sales (or larger losses) but above a certain point, the larger the debt, the more vulnerable a concern becomes as a credit risk.

There are said to be hundreds of reasons why business enterprises fail, such as the lack of working capital, unfavorable business conditions, poor management, competition, overtrading, undertrading, speculation, unseasonable weather, catastrophes like floods and volcanic eruptions. These factors one and all become exaggerated or are mitigated by the ability and experience of the men running the business. But when the last roundup comes, it is the concern which has too heavy liabilities and is unable to meet its obligations, which finds its head in the loop.

A few weeks ago I was looking at a recent list of business fatalities in New York City. I recognized one concern, a moderate size retail enterprise for which an involuntary petition in bankruptcy had been filed. The man who owned and managed that business had been in to see me about a year ago and I had emphasized several financial guide-posts to him, the most important of which was to reduce his liabilities and keep his total debt smaller than his tangible net worth.

## Smaller debt needed

HE COULD easily have done so by reducing his inventory and, if possible, by selling a building in which one of his three stores was located. Either or both of these changes would have relieved a cramped condition which was giving the business sleeping sickness.

That enterprise was started in 1926 with an investment of \$8,000. It had operated profitably every single year but, in each of the past two years, the owner's withdrawals had exceeded the net profits. Profits had been shown due to two principal factors:

1. The location was ideal for a men's wear store, a corner on a heavy traffic street and the rental, even in

the balmy days of 1929, had been moderate.

2. The owner was a hard, conscientious worker who knew the kind and price-range of merchandise to stock and how to obtain a turnover of more than three times yearly.

In New York City a capably operated men's wear shop should turn its merchandise three to four times a year as it is at the source of supply. Westward and southward, the turnover becomes a little slower as the market is farther away from the manufacturer and somewhat heavier stocks must be carried.

In 1935 this concern had handled \$144,000 of sales. The cost of merchandise which made up the sales was \$100,800 and the inventory on the December 31, 1935, balance sheet was \$32,000. As the owner had opened a second and then a third store, he had been able to give less and less attention to the details of the business. He could handle one store efficiently but he was unable to manage each of three stores on the same effective basis.



As the sales increased, the inventory and the debt increased until on December 31, 1935, when the inventory was \$32,000, the current debt was \$28,000 in addition to which there was a mortgage debt of \$15,000. The total of the current debt and the mortgage debt was \$43,000, somewhat exceeding the invested capital of \$39,000.

Generally it is inadvisable for a moderate size retail enterprise to

owe more than the business is worth. Here the liabilities were \$4,000 more. The debt was too heavy. The management was watching the daily and weekly sales but temporarily had forgotten that bills must also be paid to keep the business in existence.

## Liabilities too heavy

IN THIS particular case the liabilities were comparatively heavy as the fixed assets, the real estate, buildings, improvements and fixtures were carried at \$40,000 and with its invested capital entirely represented by fixed assets, the working capital (excess current assets) was too limited to support an expanding business with large liabilities.

That business was at the end of the trail! It was ready to hit the dust!

In the period from 1931 through 1934 the financial statements of many thousands of businesses in a great variety of manufacturing, wholesale and retailing activities were studied and analyzed to determine two important balance sheet ratios:

1. The average percentage of the current debt to the tangible net worth.

2. The average percentage of the total debt to the tangible net worth.

These proportions are given in the table on page 64 for four lines of retail business, four wholesaling lines, and nine manufacturing lines. In only one line, canners of fruits and vegetables, did the average current debt on statement date exceed 50 per cent of the tangible net worth, and in only three cases was the current debt greater than 40 per cent.

Only part of these concerns had long term liabilities. The proportion of total debt to tangible net

worth for these corporations was heavier, but in only one line, again the canners of fruits and vegetables, did the proportion exceed 100 per cent; in the next heaviest line of business, wholesalers of paper, the average dropped to 79.3 per cent.

It does not pay for the business or the individual—and perhaps even governments—to owe too much money.

A time always comes when liabilities must be liquidated!



# YOU MISS

most of South America  
if you miss the  
EAST COAST



And you miss an unforgettable Travel Experience if you miss the trip by FURNESS.

Can you afford *not* to see "Rio" and its mountain-locked harbor? Or Santos, Montevideo, Buenos Aires? To miss these jewel cities . . . with their tangoes, race-tracks, polo matches and smart Continental pleasures . . . would be like missing Paris itself on a trip to France! And remember that famous pampas and tropical jungles are a short step away.

And few would care to miss the sea pleasures of the Furness voyage on one of the four magnificent motorships, "Southern Prince", "Northern Prince", "Eastern Prince", "Western Prince"—all built recently to Furness standards. Especially on a long voyage, Furness traditions count heavily . . . the meals, deck life, shipboard atmosphere—and seamanship.

## FURNESS Prince LINE

Sailings every fortnight from New York, with call at Trinidad on return voyage. Reservations and literature at authorized tourist agents or FURNESS PRINCE LINE, 34 Whitehall Street or 634 Fifth Avenue, New York City.

# A Bookkeeper for the Bureaucrats

(Continued from page 62)

various concerns in a given line can be graded roughly according to size. Private statistical agencies make regular use of these classifications. But if government bureaus want information from retail grocers, the little neighborhood independent will receive the same fearful blank as the chain outfit operating hundreds of stores.

## No simplified forms

THE absurd lengths to which this yen for complexity can be carried are illustrated by the sugar processing tax form used by the late AAA. I had to pay a tax on less than 1,000 pounds of sweets. Yet I used the same blank as importers doing an international business running into millions of tons.

But where the swivel-chair boys really show their inventive genius is in demanding information the small business man can't lay hands on in the normal course of his bookkeeping. The federal census of manufactures is my prize headache in this department.

Among other things, it asks the cost of materials. Now I can get the total cost pretty easily. Most of my supplies come from a few sources. But the total isn't enough. Washington also yearns to know the cost of each kind of material according to a classification that doesn't always match the usual trade classifications. And you'd be surprised at the variety of things that go into the making of ice cream and candy: cream, gelatine, sugar, chocolate, flavors, fruit, nuts, milk, butter, eggs, cocoanut, marshmallow, beside a number of special preparations used by the trade. I have no reason to keep separate accounts of these things. They're lumped together in my billings. So, to get the information Washington craves, I must go over an entire year's invoices, take off the amount and price of each sort of thing I've bought.

My next best headache in the hard-to-get-information department is the quarterly sales tax report. For this document the state demands the figures on not only my gross sales but tax-exempt sales. Again I have no business reason to break down my bookkeeping like that. As a matter of fact, the only way the information can be got accurately is to make a complete record of each retail sale. It just isn't done, even by the big fellows with ritzy accounting setups. We simply do some fancy estimating.

With reportomania piling all this

useless work and maddening confusion on us, probably you wonder why we small business men don't rise up and tell the bureaucrats that we've had enough. The truth is we don't dare to. We're thrown and hog-tied. Trust the bureau boys to see to that.

Some reports are shrewdly dovetailed into a licensing system: no report, no license.

Most of the rest are required under powers lightheartedly vested in bureaus by law. Somewhere in the preamble or the instructions is a dreary stretch of rhetoric beginning "pursuant to the provisions of Sec. . . ." and winding up with ominous references to fine or imprisonment for failing to come clean.

A few years ago I received a survey questionnaire from one of our more inquisitive bureaus. At the time I was busy and fed up with baring my business soul. So I ignored it. A couple of months later along came a field man from the bureau. He let it be known there was a law. I gave him the information "requested." The giving took more than twice as much time as I would have needed to fill out the questionnaire myself. Now I don't wait for field men.

However, I don't think the predicament of the small business man is entirely hopeless. The situation is rapidly becoming so impossible that something will have to be done.

Virtually all the reports I have to struggle with have been saddled on me in the past ten years; most of them in the past five years. The gain will be even faster when the Social Security Law gets into its stride. In other words, it looks as if things will become even worse before they begin to get better.

Certainly they will have to get better. If the small merchant or manufacturer is to stay in business he'll have to be freed from this burden of paper work. Though exactly how that's to be done, I can't say.

Perhaps, strangely enough, the politicians may do something. The proposition on which all of them unite—at least in their speeches—is that monopoly must be curbed to give the small business man a fighting chance. We little fellows could hold our ground against the monopolies if we were free to put all our energy into business instead of spending so much time working for the bureaucrats. It's just possible that this will dawn on the antimonopoly boys one of these years. Still, bureaus make jobs, and job-holders make "successful" politicians.



# Uncle Sam Flirts with the Co-ops

(Continued from page 19)

aid it was possible to get for fear that another Congress might not be so helpful, the general manager of the Indiana Farm Bureau Cooperative Association said:

Let us plan to use the Government aid as the Administration has intended that it be used, i. e., as an emergency relief measure to assist us until we organize our cooperative structure, until these industries that serve us will be taken out from under the waste and the greed of the profit motive, and will be made literally a part of our own business.

In spite of all this governmental aid, however, the impression prevails that in cooperation—as in everything else—we are still “twenty years behind Europe.” So a presidential committee has gone to Europe to study the progress made over there.

The personnel of the original committee caused many eyebrows to lift. Most of the government experts who have been close to the cooperative movement deny that they were consulted as to members or methods to be studied.

A business man wanted to know if it was a coincidence that the three original members all had public utilities experience.

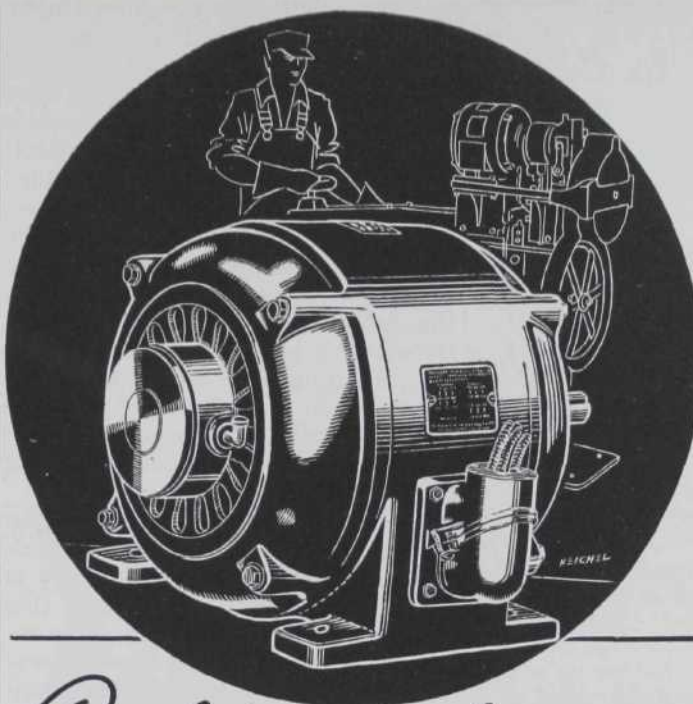
## Secretly financed

WHERE the appropriation came from was a secret up to the time this article was prepared. The White House, State Department, Department of Agriculture, WPA, and the Comptroller General's office denied knowledge of authority for such an appropriation.

Jacob Baker, the chairman of the committee, was formerly a consultant on employee and public relations to utilities and mining companies. He organized a self-help cooperative in New York City before joining the Works Progress Administration as assistant administrator. Some Bureau workers called him “the Hopkins influence on cooperatives.”

Charles E. Stuart was once a member of the War Industries Board Power Committee, served as a consulting engineer to the Soviet Government and recently resigned as vice president of the Export-Import Bank.

Leland Olds, third member of the committee, is secretary of the New York State Power Authority. As far back as 1919 he was listed as a mem-



## Credit enough TO GO AROUND

The machine-tool maker who uses R & M motors entrusts that part of the job to specialists with forty years' experience in building motors that make good machines better. He doesn't mind if the motors get part of the credit—he gets credit for using the

best of everything! That's a point worth remembering, no matter what kind of electrical appliance you may be buying. Look for R & M on the motor. . . . If you are a manufacturer, R & M experience is at your service. Robbins & Myers, Springfield, O.; Brantford, Ont.

**ROBBINS & MYERS**  
*Motors*

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## Coming in November

★ ★ ★

### Codes, Before NRA and After By Felix Bruner

When NRA was declared unconstitutional its friends implied that business men would immediately seize the opportunity to cut each other's throats. The year that has passed since then has not only proved these statements to be unfounded but has found business men continuing to make their own codes just as they did before NRA.

### Applying the Sermon on the Mount

By Silas Bent

An interesting study of Dr. Stanley High, executive chairman of the Good Neighbor League, Inc.

### Minnesota Tries the Cooperative

By Arthur B. Gunnarson

Cloquet, Minn., has led the way in consumers' cooperative undertakings. The effect of this movement on local merchants and their customers is told in this report of the situation made on the ground.



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Wherever electrical current is available, it is only a question of time when every man who shaves will use a Schick Shaver.

The Schick shaves closely and quickly. (Three to five minutes is the average time for a Schick user.) You cannot possibly cut nor scrape yourself, for the Schick has no blades. Neither do you use lather or any facial preparation!

Start now with the Schick. Every day you wait is one day lost to complete shaving comfort and satisfaction.

Any Schick dealer will demonstrate it for you. (Price \$15.) If none is near you, write to Dept. N.

SCHICK DRY SHAVER, INC., STAMFORD, CONN. Western Distributor: Edises, Inc., San Francisco. In Canada, Henry Birks & Sons, Ltd., and other leading stores. (Canadian price, \$16.50.)

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from a branch factory in

**LANCASHIRE**

BRITAIN'S LEADING  
INDUSTRIAL CENTRE

Interested American Concerns are cordially  
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J. BENNETT STOREY, General Manager

THE LANCASHIRE INDUSTRIAL  
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Manchester 2.

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Association of Great Britain & Ireland, 6,  
Arlington Street, London, S.W.1., 28 Avenue  
des Champs Elysées, Paris and British Em-  
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ber of the Peoples' Freedom Union.

When this committee was announced, various cooperative groups complained that their interests were not represented. So several associate members were appointed. Agriculture was represented by Clifford Gregory, editor of *Prairie Farmer*, and Robin Hood, secretary of the National Cooperative Council, a group which is primarily concerned with the interest of producers' cooperatives and holds no illusions concerning the consumer cooperative. The latter group is represented by Mrs. Emily C. Bates, adviser and assistant to H. A. Cowden, manager of the North Kansas City Cooperative.

As an afterthought, Tage Palm, an assistant in the Works Progress Administration, was sent along. He is of Swedish birth, has been in this country six or seven years, and is reported to speak 14 languages. It was said he would introduce the committee to the right parties and take them to the right places.

E. J. Coil was also sent as a representative of the Rural Electrification Administration.

This committee's report may be released by the time this article appears or it may be pigeon-holed as was a previous report on European cooperatives by former Federal Trade Commissioner Huston Thompson, in 1924.

### Will both sides be told?

IF IT is published, many people will await it with interest. They wonder if it will emphasize, for example, that the Swedish co-ops boast that they never asked government aid; that their activities must always be financed without borrowed funds; that the co-ops pay the same taxes as private business.

It will be interesting to see, further, if the committee has interviewed European business men to learn what they know of the cooperative system's shortcomings. Will the committee report that private business, too, has neat and immaculate stores with bright and attractive windows? Will it learn that private business establishments have dining rooms and kitchens for their employees? The "discovery" of these things in cooperative establishments seemed to get particular attention in the first news dispatches of the committee's activities in Sweden.

Probably the consumer cooperatives' hope of government aid and sustenance is best exemplified by the Scott Bill, introduced at the last session of Congress. Congressman Scott, a 32-year-old school teacher from Long Beach, Calif., was elected on the Sinclair Democratic ticket.

His bill, which never got out of committee but is now being smoked up again in certain communities, would have set up a Consumers' Advisory Council and provided a federal fund of \$75,000,000 with which to establish a bank to lend to consumer cooperatives.

Winslow Carlton, former director of the self-help cooperative service in California, estimated that this \$75,000,000 bill would provide enough capital to finance from 20,000 to 30,000 cooperative stores serving 3,000,000 to 4,000,000 members.

### Government interference

ONLY friends of the consumer cooperative appeared at the hearing, which was held before the House Banking Committee last May, but Congressman Prentis M. Brown of the committee offered a thoughtful observation about the Government's influence on the price structure. He said:

I have a very general idea of the cause of high prices. It is a rather long story, but it is due to governmental interference with the natural running of goods in the channels of trade.

Wheeler Sammons, Managing Director of the Institute of Distribution, Inc., advances the same idea with somewhat different trimmings. He says that cooperatives have not been able to make a showing in this country except in certain localities and in certain lines because there have been no price-fixing monopolies for them to set their teeth into. Up to 1920 the great producing companies were at one another's throats—and our laws were framed to keep them so.

Continuing with his reasoning that the Government itself is raising prices by destroying competition, Mr. Sammons says that retailers and wholesalers have organized as never before, as the result of the NRA experience.

They are in effect saying to Congress, "We want you to regulate competition so that it will be easier for us to get along."

If this reasoning is sound, business itself is playing into the hands of cooperatives in asking for the regulation of competition. In Sweden the cooperatives got their start when retail price regulations appeared.

The Japanese cooperative system is held up for praise by American followers of the Japanese Christian, Kagawa. But the philosophy of Kagawa translated means "be content with what you have." That is indeed a foreign philosophy for Americans, although American churchmen are giving it their earnest endorsement.

There are many reasons why the



European cooperatives would have to meet many different conditions in this country. Until recently competition has not been protected by price-fixing. We have no parallel to European cartels and price-fixing by Government.

The American flair for bigness could easily ruin a co-op by forcing too rapid expansion and extension into unfamiliar fields just as the Swedish Farmers' Co-op was set back when it entered banking and shipping on too large a scale after the war prosperity.

The chain and voluntary chain are not going to lie down and die just because a cooperative comes along. And the independent who gives credit and delivery service together with high grade service, for which certain customers are willing to pay, is not going to worry about any kind of competition that is fair and reasonable.

The biggest handicap of all to the cooperative is the problem of management. Those who are smart in the cooperative way admit that a man who is trained in the "profit" system does not readily fit into a cooperative organization. Training cooperative employees to assume heavy responsibility without the incentive of much increase in pay is a difficult and tedious task.

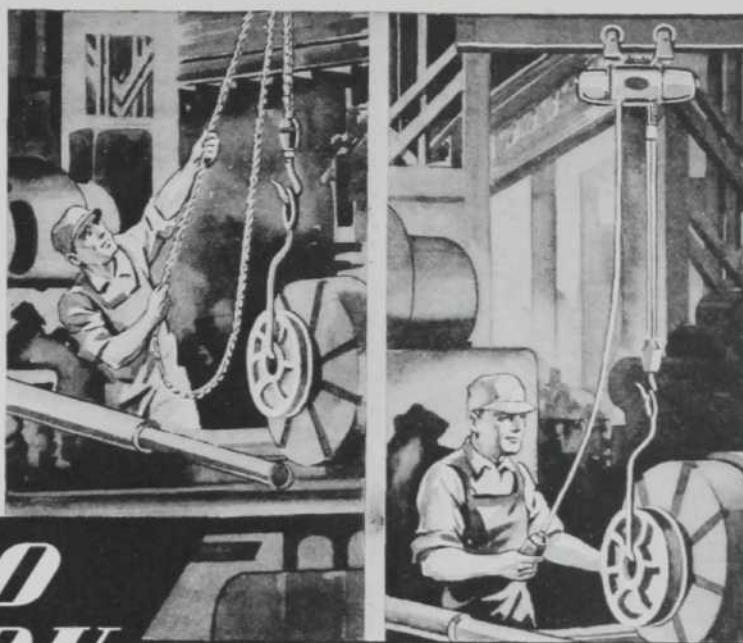
### Competition is severe

GOVERNMENT authorities on consumer cooperatives have no great faith in the future of consumer cooperatives in this country. Almost unanimously they point out that free competition has kept prices here so low that it is almost impossible for a widespread cooperative movement to take hold.

However, the consumer cooperative in America will probably continue to exist under certain conditions. In some communities racial or clannish circumstances make it a success. In some industries where the product is peculiarly adaptable to cooperative methods, the cooperative may absorb the field.

The average American business man is ready to meet this challenge of a cooperative commonwealth that would extend from retailer to manufacturer just as he has met every other challenge of a highly competitive system.

On the other hand the use of government funds to establish cooperative enterprises and to advertise the virtues but none of the pitfalls of a complete cooperative state is a constant irritant to the business man. He will watch his state and federal legislators closely for traces of the consumer cooperative virus.



# DO YOU

## STILL USE BACK POWER IN THIS PUSH-BUTTON AGE?



What is "Spot Handling"? This new folder tells you. Write for your copy—Bulletin H-2

● When electric starters came in, motor car cranks went out. Now, old, hand-operated chain blocks are out-of-date because the Zip-Lift is here! In machine shops, welderies, forge shops, along assembly lines—wherever production calls for the lifting, lowering or moving of loads, this small, full electric hoist makes a one-finger job of "spot handling." Loads move quickly, smoothly, safely; stop accurately within a fraction of an inch at the touch of a button. It saves time, relieves fatigue, steps up production . . . The Zip-Lift, built by this 50-year-old organization of material handling specialists, is effecting amazing economies in all sorts of plants. Ask for information.

## HARNISCHFEGER CORPORATION

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### Stop waste with "Spot Handling"

### For 20 years Nation's Business has been the recognized spokesman for business.

Nation's Business believes that there is need today for straight thinking about business and a better understanding of its relations with government. Its advertising campaign this coming year is dedicated to this purpose.

The first advertisement, "America is a tune . . ." appeared in 17 newspapers on August 24.

The second, "Labor—Today is Your Day" was published Labor Day; and "Remember Now thy Creator . . ." appeared September 21. (See pages 99 and 124.)

Copies of these advertisements in full page size or as reprints, for use as stuffers in envelopes, may be obtained by writing NATION'S BUSINESS, Washington, D.C.



**Be Wise—Alkalize**



Alka-Seltzer Makes a sparkling alkalizing solution containing an enervating (acid) solution. You drink it and it gives prompt, pleasant relief for Headaches, Sour Stomach, Distress after Meals, Colds and other minor Aches and Pains.

**30¢ 60¢**  
SLIGHTLY MORE IN CANADA

TUNE IN  
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**Alkalize with Alka-Seltzer** **AT ALL DRUGGISTS**



IT'S SILLY, DEAR, TO SUFFER SO.

I SHOULD HAVE DONE THIS LONG AGO.

THAT'S WHAT THEY ALL SAY—YES INDEED!

ALKA-SELTZER, FRIEND IN NEED!

THAT'S JUST THE TIME TO ALKALIZE!

TOO MUCH TO EAT—NO EXERCISE!

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**WALTER A. WEISNER STUDIO**  
332 S. Michigan Ave. Chicago, Ill.

# I Almost Went on Relief

(Continued from page 38)

sluicing operations had reached the physical limit of gold production in the low grade placer material we were working. By this time I had taken William Judson, the jobless gold panner I had hired, in as a partner. I needed him and worked out a plan he was glad to accept which made him a part owner in the old gold dredging outfit and the Depression Buster Mine we've since developed.

Leaving Judson to operate the gold dredge with the help of another hired man, I struck off into the mountains. For six weeks I prospected. One sundown caught me high up on a canyon wall upon a geological formation that bore every indication of being about the right place to look for gold.

There was about an hour of daylight left. I began to dig but had scarcely made a dozen pick thrusts, before the earth began to shimmy. The quake lasted only a few seconds. Nevertheless, it dislodged a huge boulder that hung on the canyon wall.

### Heavier ore located

THE movement of that rock left a hole about six feet deep and probably ten feet in diameter. It had also uprooted a small tree.

And the roots of the tree gleamed with yellow particles. I carefully extracted one about the size of a match head. It was a tiny nugget of pure gold! Moreover, the ground all around the hole was flecked with traces of yellow.

I shoveled out about six cubic feet of the earth, rock, sand and gravel, put it in a couple of canvas bags and slung the bags on a pack horse. Then I hurried down to a stream and worked until dark with a gold pan. I recovered \$4 worth of coarse gold and a fat little bean-shaped nugget worth \$1.80.

It was too dark to stake off my claim that night but I didn't intend to take any chances. I camped in the hole where the boulder had been. I didn't even build a camp fire for fear the light or smoke might be seen. Next morning I staked off my claim and hurried off to Los Angeles. Two days later the Depression Buster was officially recorded and I was its owner!

Prospecting the claim indicated an average gold content of about \$16 to the ton of sand. But it was impossible to appraise such a claim accurately. Occasionally we'd dig into a strata of coarse gold where we'd take out \$30 worth from a single ton with a

nugget every now and then worth anywhere from \$4 to \$30. We began calling it a mine when I pulled out a nugget worth \$36. Two days later Judson unearthed one that brought \$78. That was the record nugget until about a month ago when we found one worth \$116.

### Naming the "mine"

WHEN Judson found the \$78 nugget we began talking about a name for the mine.

He suggested "Lady Luck."

"Lady Luck! My eye!" I exclaimed. "It wasn't luck at all. It was science. Let's call it the Depression Buster!"

So that is the name by which the mine is now known.

Judson and I wanted to develop it ourselves but the question was how to do it with our limited capital, without incorporating a company and selling stock or at least taking in partners.

We also knew that, by every rule of mining engineering, our claim was a placer proposition. And there we were—half a mile from the nearest source of water and most of that distance perpendicularly above the stream.

After days of discussion, we decided to move our old suction dredge to a point on the stream directly below the claim. We lugged a lot of old sheet metal irrigation pipe up the hill and made a chute to get the placer material to the stream. It worked. For several months we slid pay dirt from the claim down the chute and put it through the pump and sluices. It was tedious business but our net earnings were \$60 and sometimes \$80 a day. We were soon saving money for proper machinery and a pipe line from the stream to the mine.

In October, 1935, we bought 2,640 feet of four-inch pipe from a pumped-out oilfield. In Los Angeles we picked up an 80-horse-power gasoline engine and three-cylinder plunger type pump.

We got this stuff to the mine chiefly by brute strength and awkwardness. By December we had it working. Soon we began taking out \$200 a day, then \$300, \$350 and sometimes \$400.

We had operated for just six weeks and were feeling like a couple of millionaires when a federal officer came up the canyon one day and served us with a citation to appear in court. A water company serving water for irrigation and domestic purposes in the valley below sought to enjoin us









# Labor—*today is your day!*

More than ever before in our crowded history the working man and the business man face a common peril.

That peril threatens to reduce the output of the nation's factories by forcing up prices so that fewer can buy.

It threatens to stifle the growth of new businesses and the expansion of old ones, by which jobs are made. It threatens to reduce pay rolls by decreasing production.

It threatens to reduce the buying power of the workman's dollar by boosting his cost of living.

That common peril is *Taxation*.

*Taxes put an invisible man on every pay roll.*

Each of the 40,000 employees (including plantation workers) of a large rubber company received an average of \$1,089 in wages last year. But his invisible competitor—the tax collector—was also at the pay roll window and took \$453 for each man in the line.

In the power and light industry, and in the oil companies, the cashier, as he counts out one dollar to the wage-earner, gives another dollar to this invisible competitor.

As the worker leaves the pay window and climbs into his automobile, the tax man gets in beside him. When he stops at the gas station, the tax man collects his toll—a cool billion dollars in gas taxes last year.

When he calls at the grocer's and the baker's; when he meets the landlord at the front door, and the milk man at the back—his competitor is there demanding a further cut in the pay-envelope.

Even with the unemployed the tax man competes. How? The taxes paid by the steel industry in 1935, for instance, would employ 57,300 more workers for a year at full pay.

Higher taxation isn't simply the worry of business, for business is only the conduit through which taxes flow for the taxpayer—who is the consumer and the wage-earner—to the taxing power.

It's the worry—and the peril—of every American who sees that taxes are postponing the return of the days when every town enjoyed a bull market for wage earners.

Labor, today is your day! But let's all think about tomorrow.

*This advertisement was published on Labor Day by*

## NATION'S BUSINESS

*in a number of newspapers throughout the country.*

Our subscribers will recognize in it the spirit by which Nation's Business is guided and the purpose it serves—to encourage straight thinking about business and a better understanding of its relations with government.



against polluting the water in the stream.

Here the study of law I had made stood us in good stead. I visualized a possible plan that I believed would solve the problem. I hurried to Los Angeles to see a lawyer. A few days later I pleaded guilty to the water company's charges and was promptly enjoined against polluting the stream.

I returned to the mine with four hired laborers. About 40 feet from the stream they started digging. In 48 hours we put down a well five feet in diameter and 40 feet deep, its bottom about 20 feet below the bottom of the stream. In that porous soil it would be impossible to pump the well dry. Then we re-arranged the pipe line to pump from the well. Next we laid a flume to carry the muddy water from the tail dump back into the well instead of into the stream.

We were no longer polluting the stream and by digging a well in land of semi-aridity, we were "developing water" that no one else could claim.

### Pipelines are restricted

BUT our legal troubles were not ended. A motor road was authorized up the canyon where we were operating. This road would benefit me probably more than any one else. So I gladly waived any claim for damages and granted the right of way across my claim.

I began to have suspicions concerning the motives for building the road when I found that the survey called for a route up the canyon to a point almost across the stream from my camp. Here the stream was to be bridged and the road would continue on up the canyon across my claims.

Now the law prohibits carrying a pipe line over or under a public highway except in the case of a public utility operating under a legal franchise. It looked like we were in trouble again. But I had learned enough about the law to know that a bridge is not legally a part of a public highway.

I lost no time getting to my lawyer. "You are absolutely right," he said. "Let them go right ahead and build the bridge and the highway. It should be a great convenience to you. Somebody will be around pretty soon to get an injunction forcing you to remove your pipe line from the highway right of way. Let 'em have the injunction. Then re-route your pipe line under the bridge."

True to the prediction, I was haled into court again to show cause why an injunction should not be issued declaring my pipe line a public nuisance and ordering its removal from under, over or across the highway right of way. We put up no defense and, of

course, the court decided in favor of the complainant.

By that time the highway was graded and usable to my cabin door. The bridge was already in. So I returned to the mine with a truckload of supplies that included 150 feet of four-inch pipe. Judson and I went to work with the help of two oil-field plumbers. We pulled out the lower end of the old pipe line and re-routed it under the bridge. To avoid carrying the water from the tail dump across the highway right of way and back into the well we blasted out a huge sump hole and put this waste water back into the ground at a point some 400 feet away from the road.

Since then we have had no trouble. The mine has continued to pay handsomely, and we have enough pay dirt already blocked out to keep operating at least another five years. We're working now under the advice of some shrewd bankers and lawyers and under the direction of competent mining engineers.

We both have good homes in the city and comfortable cabins at the mine. Our wives and children are enjoying all sorts of things we've always wanted and hardly dared to hope we might have. If you think the Depression Buster hasn't helped many another line of business—look at those two new automobiles over there. Look at that new truck. Then come down to our homes and see the rest of the stuff we've bought that has helped industry and put men to work. I realize that the depression has done strange things to a lot of people but I doubt if there is anything stranger than what it has done to Judson and me. We got rich out of it.

If I had gone on relief when I thought it was about the last thing left for me, I suppose I'd still be a leisurely, loafing boondogger.

### Something can be found

IF I had to, I am confident I could go out and find another gold mine. Of course, skads of jobless gold panners are still gophing around for a bare existence. Yet I am by no means the only one who struck it rich. I know of at least a hundred new paying gold mines in California and other western states that started about the same as the Depression Buster did. They're not all placer diggings either. There are six going mines within a radius of 50 miles from here, opened up by jobless men who refused to go on the dole.

Possibly, not all men could have done what these men have done. But I believe a lot of them might have done something if, instead of hollering "quits," they had knuckled down to solving their own problems.



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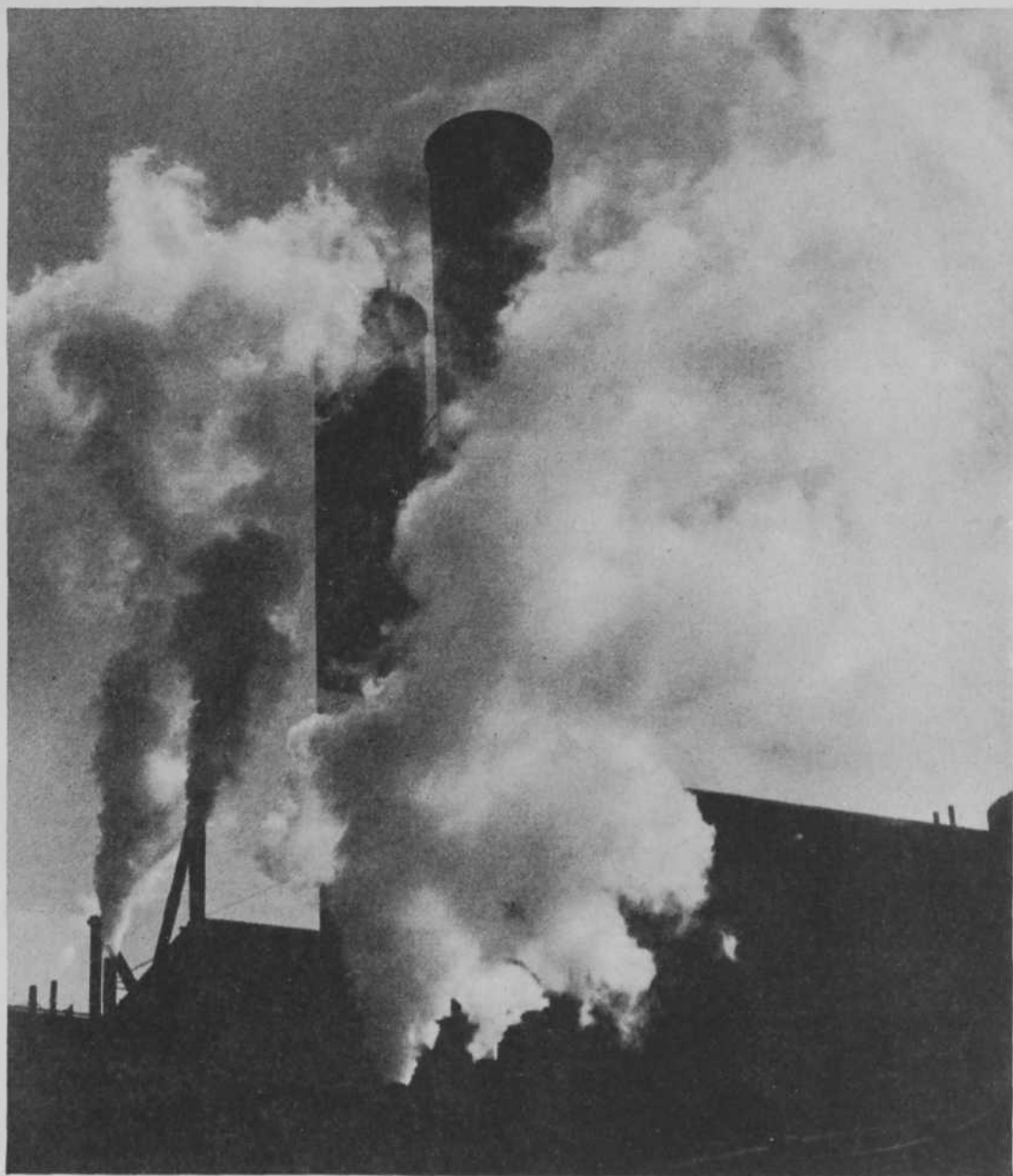
**GENERAL  ELECTRIC**

## Index of ADVERTISERS

October • 1936

	PAGE
Addressograph-Multigraph Corporation	43
Allis-Chalmers Mfg. Company	91
Aluminum Company of America	3rd Cover
American Blower Corporation	53
American Can Company	45
American Telephone & Telegraph Co.	2nd Cover-112
American Tobacco Company	4th Cover
Associated Gas & Electric Company	113
Association of American Railroads	58-59
Bakelite Corporation	49
Bristol-Myers Company	94
Broderick & Bascom Rope Co.	95
Bruning Company, Charles	11
Burroughs Adding Machine Co.	37-123
Canadian Pacific	107
Cast Iron Pipe Research Assn.	4
Chesapeake & Ohio Lines	8
Chrysler Corporation	57
Coca-Cola Company	128
Cutler-Hammer, Incorporated	41
Cyclone Fence Company	111
Detex Watchclock Corp.	116
Dick, A. B., Company	14
Dictaphone Sales Corporation	103
Ditto, Incorporated	105
Ediphone, Thomas A. Edison, Inc.	85
Edison Storage Battery	79
Edwards & Company	102
Egry Register Company	113
Erie Railroad	97
Felt & Tarrant Mfg. Company	51
Frigidaire Corporation	3
Furness Prince Line	118
Gannett Newspapers	86
General Electric Company	126
General Motors Corporation	66-67
General Plastics, Inc.	7
Glidden Co., The	75
Goodrich, B. F., Company	39
Goodyear Tire & Rubber Company	12
Harnischfeger Corporation	121
Hartford Steam Boiler Insp. & Ins. Co.	77
Household Finance Corporation	80
International Business Machines Corp.	55
Iron Fireman Manufacturing Co.	82
John Hancock Mutual Life Ins. Co.	114
Klüberly-Clark Corporation	98
Lancashire Indus. Devel. Council	120
Lennox Hotel	104
Liberty Mutual Insurance Company	1
Lumbermens Mutual Casualty Co.	83
Marchant Calculating Machine Co.	2
Maryland Casualty Company	93
Mayflower Hotel	116
Metropolitan Life Insurance Company	35
Miles Laboratories, Inc., Dr.	122
Minneapolis-Honeywell Regulator Co.	106
Monroe Calculating Machine Co.	81
Moore Push-Pin Company	120
Morrison, J. L.	96
Mutual Fire Insurance	6
Nation's Business	99-124
National Carbon Company	115
National Distillers Products Corp.	65
Northwestern Mutual Life Ins. Co.	87
Phoenix Mutual Life Insurance Co.	9
Power Show, National Exposition, Power & Mechanical Engineering, National	114
Reeves Pulley Company	125
Republic Rubber Company	84
Reynolds Spring Company	98
R. J. Reynolds Tobacco Company	72
Robbins & Myers, Inc.	119
Schick Dry Shaver, Incorporated	120
Scott Paper Company	89
Scripps-Howard Newspapers	70-71
Smith, L. C. & Corona Typewriters	109
Sun, The	127
Underwood Elliott Fisher Co.	101
United States Beet Sugar Assn.	47
United States Steel Corporation	61
Websner Studio, Walter, A.	122
Westinghouse Elec. & Mfg. Co.	10
Whiting Corporation	110
Willard Hotel	122
Wood Conversion Company	90





Rittase

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The Sun has long seen the need for a better under-

standing of American industry by the American people. While this newspaper has served both of them well, it hopes to serve them better by helping to bring about that understanding. Along this line The Sun has probably done more constructive work than any other newspaper in the country.

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